



# ***Daily Report***

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## **China**

FBIS-CHI-95-084  
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2 May 1995

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# Daily Report

## China

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## General

### DPRK To Resume Reactor Talks With U.S.

#### Higher Level Talks Ahead

OW0105233995 Beijing XINHUA in English 1933  
GMT 1 May 95

[FBIS Transcribed Text] Washington, May 1 (XINHUA)—The Democratic People's Republic of Korea (DPRK) notified the United States today that it agreed to resume negotiations on its nuclear reactor program, the State Department announced here.

"We received this morning at 10:00 here in Washington a message from the North Korean Mission in New York," Department spokesman Nicholas Burns told reporters at a news briefing.

"The North Korean government has agreed, without preconditions, to hold higher level talks with the United States," he said.

The negotiations between the U.S. and the DPRK broke down in Berlin on April 20 when the U.S. insisted on using South Korean-model light-water reactors to replace the DPRK's gas graphite reactor.

The DPRK's note was addressed to Robert Gallucci, the assistant secretary of state whom secretary of state Warren Christopher has proposed to head the U.S. delegation in the coming talks with the DPRK.

Burns said that the only outstanding issues now concern the place and time the meetings will take place.

"We are obviously pleased at this development and are prepared to go forward with the negotiations," the spokesman said.

#### ROK Welcomes DPRK Return

OW0205063295 Beijing XINHUA in English 0605  
GMT 2 May 95

[FBIS Transcribed Text] Seoul, May 2 (XINHUA)—South Korea Tuesday [2 May] welcomed Pyongyang's acceptance of a proposal by Washington to hold high-level talks between U.S. Nuclear Ambassador Robert Gallucci and Vice Foreign Minister Kang Sok-chu of the Democratic People's Republic of Korea (DPRK).

"We welcome the acceptance of North Korea (DPRK) of the high-level nuclear talks without precondition and consider it indicative of North Korea's attitude towards solving the light-water nuclear issue through dialogues," a foreign ministry spokesman here said.

On Monday, Kang sent a letter to Gallucci, agreeing to hold talks on the provision of light-water reactors to the DPRK.

South Korea will continue to stick to its position of providing South Korean-made light-water nuclear reactors and playing a central role in the light-water nuclear reactor project, the spokesman said.

South Korea will soon hold consultations with the U.S. and Japan at the ambassador level to work out a strategy for the high-level talks between Gallucci and Kang expected to be held next week, according to the spokesman.

Washington proposed high-level talks be held between Gallucci and Kang to break the impasse after the U.S.-DPRK expert-level talks broke down in Berlin on April 20.

The Berlin talks focused on who would supply the two 1,000 megawatt light-water reactors promised to the DPRK in return for freezing its nuclear program under the Geneva framework agreement signed by Washington and Pyongyang last October.

The U.S. asked the DPRK to accept South Korean-made standard light-water reactors, but Pyongyang demanded that U.S.-made reactors be offered while South Korea would be allowed to play a supporting role in the construction of the nuclear plants.

### Iraq Urges Arab Leaders Not To Meet Albright

OW0105235195 Beijing XINHUA in English 1930  
GMT 1 May 95

[FBIS Transcribed Text] Baghdad, May 1 (XINHUA)—An Iraqi official today called on leaders and officials of some Arab countries not to meet U.S. Ambassador to the UN Madeleine Albright who has started her Middle East tour.

Albright is to hold talks with Arab leaders on Iraq's rejection of UN Security Council resolution 986 which allows Iraq to export limited quantities of petroleum for the purchase of foodstuffs and medicine needed by the Iraqi people.

The unidentified official of Iraq's Ministry of Culture and Information said the U.S. Administration, having felt that the petroleum ban on Iraq would shortly be lifted, had come up with the draft resolution to the Security Council.

In face value, the draft seemed to be coined for humanitarian purposes, whereas, in fact, it was meant to finance the United Nations' budget, he pointed out.

The official said that resolution 986 also aims to finance Kurdish groups in northern Iraq loyal to America, which received 15 million U.S. dollars this year, 5 million less than the previous year of 1993.

He insisted that Iraq has fulfilled all provisions of paragraph 22 of resolution 687 which requires the lifting of the U.N.-imposed sanctions against Iraq following its 1990 invasion of Kuwait.

Iraq had officially rejected resolution 986 adopted by the Security Council in mid April, on the grounds that it contained conditions jeopardizing the sovereignty and territorial integrity of Iraq.

UN Resolution 986 permits Iraq to export 1 billion dollar of petroleum each three months for the purchase of foodstuffs and medicines under UN Supervision.

#### **U.S. Says G-7 Nations Reviewing Ties With Iran**

OW0205053695 Beijing XINHUA in English 0428  
GMT 2 May 95

[FBIS Transcribed Text] Washington, May 1 (XINHUA)—The U.S. call for tougher sanctions against Iran seems to be working with some industrial nations reviewing economic relations with Tehran, the White House said today.

"We've... [ellipses as received] had some indications from some members of the G7 that they are reviewing their own economic engagement with Iran," White House spokesman Mike McCurry told a news briefing here today.

Addressing the World Jewish Congress Sunday in New York, U.S. President Bill Clinton announced that his administration would cut off all U.S. trade and investment with Iran to show its "unrelenting determination" to deter Tehran's bid to develop nuclear weapons and to support terrorism.

However, Iran has denied that it wants to develop nuclear weapons or support terrorism, noting that Clinton's call for tougher sanctions against Iran is a re-election campaign to win the backing of "influential Zionist groups" in the U.S.

McCurry told reporters that some European countries "are looking at credit facilities and how they might adjust those, whether or not they need to look at lending criteria."

He noted that there had been "a lot of discussions within the G7" on taking measures against Iran and some of the G7 nations shared the U.S. viewpoint that "Iranian sponsorship of terrorism is a very serious issue that must be addressed."

The spokesman said that he believed the new U.S. move would bolster Washington's efforts to persuade Moscow not to sell Iran two nuclear reactors.

#### **United States & Canada**

#### **Qian, Li Meet Former U.S. Secretary of State**

OW2804154695 Beijing XINHUA in English 1518  
GMT 28 Apr 95

[FBIS Transcribed Text] Beijing, April 28 (XINHUA)—Chinese Vice-Premier and Foreign Minister Qian

Qichen met with Lawrence Eagleburger, former Secretary of State of the United States, and his party here this afternoon.

Qian said that there exist extensive common interests between China and the United States.

In recent years, the Sino-U.S. Relations have witnessed progress as well as twists and turns, Qian said, adding that these ties, generally speaking, have moved forward.

The Chinese vice-premier expressed the hope that these relations would grow steadily.

The US-Chinese ties are one of the most important foreign relations of the United States, Eagleburger said, adding that as the US and China differ in historical backgrounds and cultural heritages, it is quite natural for them to have different views of matters.

He stressed that the best way to bridge their differences is to increase exchanges and cooperation between the two countries.

This evening, Vice-Premier Li Lanqing also met with the US visitors.

Eagleburger is here on a visit to China as guest of the Chinese People's Institute of Foreign Affairs.

#### **Article Views U.S. Actions Against Iran**

HK0205075095 Hong Kong TA KUNG PAO in Chinese  
2 May 95 p 3a

["Political Talk" column by Shih Chun-yu (2457 0689 3768): "Clinton Announces Sanctions Against Iran"]

[FBIS Translated Text]

#### **Cut All Trade Ties With Iran**

U.S. President Bill Clinton announced yesterday that he would sign an order within the week to cut all trade and investment between the United States and Iran because Iran is the "top exporter of terrorism." At the same time, he once again urged Russia to abandon the contract to help Iran build a nuclear power plant.

This move by Clinton inevitably will hurt the vital interests of U.S. oil companies, which buy from Iran an annual volume of crude oil exceeding \$4 billion, and make huge profits by selling the oil to other countries. Clinton's announcement has already caused a rapid increase in oil prices.

The U.S. Congress is about to propose a bill imposing sanctions on foreign enterprises that deal with Iran. Clinton's move is totally unconvincing, and world opinion will not support it. The United States has not gotten along well with Iran since the time of Khamene'i, and up to now it is still trying to give Iran a hard time in every aspect, and its hostility toward Iran is second to its hostility toward Iraq. What is the reason?

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### Secretary of State's Speech Gives Hints

The United States put Iran at the top of the list of 10 terrorist countries in the world, accusing it of "supporting terrorism and hindering the Middle East peace process," but the most important reason is that the United States suspects that Iran is developing nuclear weapons. A speech by U.S. Secretary of State Warren Christopher in Washington in early April indicated that the United States had decided to adopt tough measures against Iran. He said, "Iran is undermining the peace process in the Middle East, and is threatening neighboring countries. If it possesses nuclear weapons, it will pose a great threat to world peace." This kind of American logic is untenable.

Since January of this year, the United States has been stepping up pressure on Iran. On 8 January, the U.S. Government asked Russia to cancel its contract on providing a light water reactor for a nuclear power plant in Iran. On 26 January, the U.S. Congress proposed a package of bills on sanctions against Iran, banning U.S. enterprises from trading with Iran. On 28 February, John Shalikashvili, chairman of the Joint Chiefs of Staff, revealed that Iran had deployed land-to-ship guided missiles in and around the Strait of Hormuz. On 27 March, the U.S. Congress proposed sanctions against foreign enterprises and individuals trading with Iran, saying that if they trade with Iran they cannot trade with the United States. On 28 March, the United States asked the Chinese Government to cancel the contract to provide Iran with two reactors for power generation. On 4 April, Secretary of State Warren Christopher suggested to President Clinton, "Step up the sanctions against Iran."

### Great Pressure From Pro-Israel Faction in Congress

The mounting pressure on Iran from the Clinton administration is also an outcome of the influence of the conservative faction of the Republican Party in Congress, of Israel, and of the pro-Israel forces in the United States. Matos [7456 2094] [name as published], a Republican senator who has lobbied vigorously for the bill on sanctions against foreign enterprises trading with Iran, is a politician well-known for his pro-Israel stance.

If the United States imposes sanctions against foreign enterprises trading with Iran, it certainly will run into objections from Japan and Europe, which have trade relations with Iran.

An official in the U.S. Defense Department also has expressed skepticism on this measure; he said that in the Iranian Government, a secular faction advocating economic liberalization has emerged, whereas a force that advocates support for terrorism and seeks nuclear arms is nowhere to be seen. With regard to some congressmen who have vigorously advocated sanctions against foreign enterprises that have trade ties with Iran, he said it was an "excessively emotional advocacy, which cannot be feasible in practice."

Russia already has refused the U.S. demand to halt the construction of a nuclear power plant for Iran. China also has made it clear that China and Iran are cooperating only in the peaceful use of nuclear energy. Judged from the responses from various quarters, Clinton's sanctions against Iran can lead only to self-isolation by the United States. If he wants to use this to increase his capital for the next round of presidential elections, he is also wasting his efforts.

### Northeast Asia

#### Japanese Prime Minister To Visit Beijing

##### Views Upcoming Visit

OW0105154395 Beijing XINHUA in English 1453  
GMT 1 May 95

[FBIS Transcribed Text] Tokyo, May 1 (XINHUA)—Japanese Prime Minister Tomiichi Murayama today said the development of friendship and good-neighborliness between Japan and China benefits not only the two countries but also peace in Asia and the world as a whole.

In an interview here with some Chinese correspondents on the eve of his visit to China, scheduled for May 2-6, Murayama said he believes his China trip will help push forward the Japan-China relations as the two countries move towards the 21st century.

The Japanese prime minister said his China visit, which takes place while the world marks the 50th anniversary of the end of World War Two, provides Japan a good opportunity to recall the starting point of its foreign policy, made up of introspection of its past and commitment to world peace.

Murayama also said great achievements have been made in the development of relations between Japan and China since the establishment of diplomatic ties between them in 1972, which are mirrored not only at the governmental level but also in political, economic and cultural exchanges.

He said he is willing to work for the long-term and steady development of Japan-China relations.

When asked how he views certain trends in Japan's relations with Taiwan, which are detrimental to the normal development of Japan-China relations, Murayama said Japan and China have been getting more and more close to each other and the two countries have forged solid ties of friendship between them.

Such ties, he said, are based on the Japan-China Joint Communiqué issued in 1972 and the Japan-China Treaty of Peace and Friendship signed in 1978.

Therefore, he said, the two countries should continue to abide by the principles laid down in the two documents and make greater efforts to further push their bilateral ties forward.

In the Japan-China Joint Communiqué, the Japanese Government recognizes the government of the People's Republic of China as the sole legal government of China and reaffirms that Taiwan is an inseparable part of the territory of the People's Republic of China.

Murayama said during his stay in China, he will frankly exchange views with Chinese leaders on bilateral relations and international issues of common concern, and on the roles Japan and China should play in safeguarding peace and stability in Asia and the Pacific.

### Reflects on Wartime History

OW0205083895 Beijing XINHUA in English 0822 GMT 2 May 95

[FBIS Transcribed Text] Tokyo, May 2 (XINHUA)—Japan should contribute to peace by reflecting on its history of waging aggressive war, Japanese Prime Minister Tomiichi Murayama said today hours before his official visit to China.

This will be his first visit to China as prime minister.

"It is important to make efforts toward peace by facing up to the history that Japan's aggressive actions and colonial rule caused unbearable pains and sorrows to many people," Murayama was quoted as saying by the KYODO NEWS SERVICE.

In an interview with reporters at his official residence, the prime minister noted that the Japan-China relationship is quite important for the development of the Asia-Pacific region, to which the world is paying most attention.

### Murayama Departs for China

OW0205105795 Beijing XINHUA in English 1030 GMT 2 May 95

[FBIS Transcribed Text] Tokyo, May 2 (XINHUA)—Japanese Prime Minister Tomiichi Murayama left here today for his first official visit to China to promote "forward-looking" bilateral relations.

His visit coincides with the 50th anniversary year of the end of World War II.

"I wish to take this opportunity to foresee forward-looking Japan-China ties based on sincere repentance for our past," Murayama said on Monday [1 May] during a joint interview with Chinese media organizations.

"I want to make every effort to go hand in hand with Chinese leaders so we can make our relations as stable and cooperative as possible," he told the Chinese reporters at his official residence.

During his visit through Saturday, Murayama is scheduled to hold talks with Chinese President Jiang Zemin, Premier Li Peng and other top leaders.

Murayama will reiterate to Chinese leaders that while trying to strengthen relations with China which suffered from Japanese aggression before and during the war, Japan will seriously reflect on its wartime policy, according to Japanese Government sources.

On the economic front, Murayama will express Japan's continued support for China's ongoing economic reform efforts.

He is expected to pledge that Japanese researchers with the latest pollution prevention techniques will be dispatched to help deal with environmental problems in China.

The assistance will be offered through an environmental conservation institute.

### Prime Minister Arrives

OW0205104595 Beijing XINHUA in English 1040 GMT 2 May 95

[FBIS Transcribed Text] Beijing, May 2 (XINHUA)—Japanese Prime Minister Tomiichi Murayama arrived here by plane this evening for a five-day official goodwill visit.

The Japanese prime minister is here as a guest of Chinese Premier Li Peng.

### Group Participates in DPRK May Day Activities

OW0105140895 Beijing XINHUA Domestic Service in Chinese 0108 GMT 29 Apr 95

[By reporter Zhu Kechuan (2612 0344 1557)]

[FBIS Translated Text] Pyongyang, 28 Apr (XINHUA)—The Pyongyang International Sports and Cultural Festival for Peace, jointly sponsored by the Korean Asia-Pacific Peace Committee and the New Japan Professional Wrestling Co., Ltd., was held at the "1 May" Stadium in Pyongyang today.

Pak Song-chol, vice president of North Korea, and Hwang Chang-yop, secretary of the Workers' Party of Korea, attended the opening ceremony. Pak Myong-chol, chairman of the State Physical Cultural and Sports Commission, and Kanji Inoki, chairman of the New Japan Professional Wrestling Co., Ltd., spoke at the meeting.

The purpose of this great sports and cultural event is this: in accordance with the spirit of independence, peace, and friendship, to strengthen understanding and unity among the peoples of all countries and make contributions to the peace in Asia and around the world.

More than 20 professional wrestlers from Japan, United States, and Mexico will participate in wrestling competitions. Art and cultural workers from North Korea and other countries will present performances. In addition, there will be some large-scale mass activities to mark the "May Day" during this period.

A Chinese delegation, headed by Liu Zhenhua, deputy to the National People's Congress [NPC] and vice chairman of the NPC Overseas Chinese Affairs Committee, attended this event.

### Near East & South Asia

#### **Iraqi Decision To Reject UN Resolution 986 Viewed**

HK0105141495 Beijing XINHUA Domestic Service in Chinese 1224 GMT 19 Apr 95

["News analysis" by staff reporters Zhang Dacheng (1728 1129 2052) and Wang Lianzhi (3769 6647 1807): "Why Did Iraq Reject the Security Council's Resolution 986?"]

[FBIS Translated Text] Beijing, 19 Apr (XINHUA)—After the Security Council had adopted the Resolution 986, allowing Iraq to export a limited amount of oil on 14 April, Iraq's Revolutionary Command Council, which is Iraq's supreme state power organ, the ruling Arab Socialist Ba'ath Party, and the Iraqi Government made responses in turn. At its 16 April meeting, presided over by President Saddam Husayn, the Iraqi cabinet "decided to reject the Security Council's resolution." The Iraqi National Assembly has committed a panel to deliberate the government's decision. Then why did Iraq turn down the resolution?

The Security Council's Resolution 986 comprised the following points: Iraq is allowed to export oil worth \$2 billion at most within 180 days; the oil should be exported mainly via the Iraq-Turkey oil pipeline; 30 percent of the income should be used for war reparations, while 5 percent should go to the United Nations for arms inspection expenses, 15 percent to the Kurdish tribe in the north, and 50 percent to the Iraqi central government. In addition, the income from selling oil, as well as the purchase and distribution of humanitarian goods, should be managed and supervised by UN personnel. As compared with the Resolutions 706 and 712 adopted in 1991, the present resolution has allowed the value of oil for export to increase from \$1.6 to 2 billion, but it imposed harsher export terms.

Oil is Iraq's lifeline, so it naturally hopes to export oil to alleviate its domestic difficulties, but the conditions set by Resolution 986 put Iraq in a Catch 22 position. Iraqi Trade Minister Muhammad Mahdi Salih said: An income of \$1 billion can do little to rescue 18 million Iraqi people from their sufferings, but rather will give the international community the impression that the hardships have been mitigated. The international community then will relax its support for lifting sanctions against Iraq. In its statement, the Iraqi Government said: Treating the Kurdish tribe and the central government in different ways "constitutes an infringement of Iraq's sovereignty, independence, territorial integrity, and national unification." Iraqi newspapers pointed out: Resolution 986, which was described as being "much less

rigorous than previous resolutions" and was enthusiastically supported by the United States, was in essence a "rapier." If Iraq accepted the resolution, the United States would make a merit of mitigating the Iraqi people's hardships, curb the increasing worldwide sympathy for Iraq, and help its ally Turkey gain a sum from Iraq through the payment of oil transit duties. If Iraq rejected the resolution, "Saddam would be to blame," as claimed by U.S. State Department spokesperson Shelley, and the Iraqi people would nurse a grudge against their government. Therefore, the Resolution 986 is "worse and more dangerous than the previous two."

Security Council Resolution 986 was moved by the United States and Britain, but it is exactly these two countries that have firmly refused to lift sanctions against Iraq. Then why are they now allowing Iraq to export oil on the condition of certain terms? As everyone knows, since the Gulf War, the United States still treats the Saddam regime as its foe, and economic sanctions as an important means for suppressing and overthrowing the regime. The Iraqi Government has made it its central task for foreign affairs to lift the economic sanctions against it. The two sides have been locked in a war of blockade and antiblockade, and sanctions and antisancctions. The great hardships caused to the Iraqi people by the sanctions evoked profound sympathy for them from the international community, and especially from the large numbers of Third World countries. In the recent period, Iraq's diplomatic efforts have made new progress. Russia and France long ago advocated the gradual lifting of sanctions against Iraq. Oil companies in the Western powers have vied with one another to sign contracts with Iraq for the exploitation of oil. Gulf countries Oman and Qatar have received visiting Iraqi Foreign Minister Muhammad Sa'id al-Sahhaf, and have expressed appreciation of Iraq's predicament. Again, many countries have sent relief supplies to Iraq. On the other hand, over the last few years, though still sometimes flexing its military muscles, Iraq has adopted a basically cooperative attitude, on the whole, in destroying weapons of mass destruction, in instituting a long-term weapons supervision mechanism, or in acknowledging Kuwait's sovereignty and boundary so that relevant clauses of the Security Council resolutions could be implemented. However, the sanctions have not been relaxed in accordance with the guidelines laid down in the Resolution 687 owing to U.S. opposition. At the regular Security Council meetings deliberating Iraq's situation, the United States was left in an isolated position, and some countries openly criticized it for its policy toward Iraq. As a result, the United States was forced to adjust its strategy.

The Iraqi National Assembly is deliberating Resolution 986. UN Secretary General Butrus-Ghali hoped Iraq would accept the resolution "as the first step toward comprehensive lifting of the sanctions." Nevertheless, if the United States refuses to give up its policy of deterring Iraq, the war of sanctions and antisancctions will continue.



**Political & Social**

**Hu Jintao, Wei Jianxing Address Beijing Cadres**  
*HK0105113795 Hong Kong TA KUNG PAO in Chinese*  
 29 Apr 95 p A2

[Special dispatch from Beijing: "Hu Jintao Participates in Meeting for Beijing Cadres, Talks on Four 'Advantages' of Central Decision"]

[FBIS Translated Text] Beijing, 28 Apr (TA KUNG PAO)—A meeting of party leading cadres at the district, county, and bureau chief levels under the Beijing municipal authority was held on the evening of 27 April. Entrusted by the central authorities, Hu Jintao, member of the Standing Committee of the Political Bureau of the CPC Central Committee, attended the meeting and announced the central committee's decision as follows: Comrade Wei Jianxing is appointed secretary, standing committee member, and member of the Beijing Municipal CPC Committee; Comrade Chen Xitong's resignation from the posts of secretary, standing committee member, and member of the Beijing Municipal CPC Committee as a gesture of self-reproach has been approved. Hu Jintao and newly appointed Beijing Municipal CPC Secretary Wei Jianxing delivered important speeches at the meeting, which was presided over by Li Qiyao, deputy party secretary and mayor of Beijing. Among the participants were personalities in charge of relevant central departments, including Zeng Qinghong, Zhang Qianjiang, Zeng Jianhui, and so on.

Hu Jintao said: A number of cases involving serious economic crimes in violation of the law have occurred in Beijing recently. In particular, the death of Wang Baosen, former member of the standing committee of the Beijing Municipal CPC Committee and vice mayor of Beijing, who was involved in economic crimes in violation of the law and who committed suicide on 4 April, has produced an extremely bad influence and has aroused strong repercussions both within and without the party. The central authorities took these events very seriously, and immediately instructed the relevant departments to enlist forces to carry out a thorough investigation into the matter. In the meantime, the central authorities have approved the resignation of Comrade Chen Xitong, who held himself responsible for the problem concerning the municipal leadership, and decided that Comrade Wei Jianxing should take up the post as secretary of the Beijing municipal party committee. This decision is advantageous to stabilizing the situation in Beijing, to conducting various tasks smoothly, to furthering the anticorruption campaign, and to promoting the party's cause. We believe that our comrades will correctly understand and resolutely support this decision by the central authorities, and that Comrade Jianxing will unite all members of the municipal party committee with one heart and one mind, conscientiously carry out the guidelines and instructions of the central authorities, and perform the work in Beijing even better.

Hu Jintao then transmitted the central instructions on the work in Beijing. He said: The recent instructions and guidelines of the central authorities should be taken as important guiding principles for properly performing the work in Beijing, both at present and for a period of time to come. This is an extremely favorable condition for rallying the morale of the party and the people. The Beijing municipal party committee, as well as party organizations and leading cadres at all levels, should seriously study and correctly understand these instructions and guidelines, and through this, seek unity in thinking among the cadres and party members throughout the municipality, and work assiduously and effectively for the broad masses. He hoped that party organizations and governments at various levels, as well as the vast number of cadres and party members, will continue to be guided by Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line; be united even more closely around the party's central committee with Comrade Jiang Zemin as the core; and lead the people throughout the municipality in pushing forward the undertakings of reform, opening up, and modernization in Beijing.

In his speech, Wei Jianxing said: The decision to appoint me to work in Beijing indicates the great trust that the central authorities have placed in me. I certainly will study hard and work assiduously, together with the members of the standing committee of the municipal party committee and with the support of the vast numbers of cadres, party members, and masses in Beijing. Since the Third Plenary Session of the 11th CPC Central Committee, under the leadership of the party Central Committee and the State Council; under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line; and with the concerted efforts of the vast numbers of cadres, party members, and masses; the Beijing municipal party committee and government have scored remarkable achievements in all fields of endeavor. Generally speaking, the situation is good. On the basis of fully affirming the work performed by the Beijing party committee and government, the Central Committee and Comrade Hu Jintao further pointed out clearly, in its instruction and in his important speech, the guiding principles for Beijing for a period of time to come. We must conscientiously understand their meanings, and must put them into practice resolutely. The most important things are that we must seek political unity with the party Central Committee with Comrade Jiang Zemin as the core, take the situation as a whole into consideration, proceed from the overall interests of the entire party and country in handling our work, conscientiously carry out the central principles and policies, and in light of the actual conditions in Beijing, concentrate our efforts on boosting the economy and promoting social progress in a comprehensive way.

In line with the requirements of the party Central Committee, party committees and governments at all levels should enhance their spirit, attend to their own

duties, and strive to perform their work well in their own units and localities. We also should wage the anticorruption struggle unrelentingly, according to the guiding ideology and work deployment defined by the central authorities, and should give positive support to the relevant departments in conducting thorough investigations into the case involving Wang Baosen and other people so that it will be settled according to the law and in a serious manner. Moreover, we must conscientiously sum up experience and draw profound lessons from the Wang Baosen case; continue to take proper control of the building of party style and honest work performance, particularly the building in ideology and politics; put in a lot of time and energy into resolving the problem in party-member cadres' outlook on life and their world outlook; and repeatedly enhance our ability to resist corruption and guard against degeneration.

Wei Jianxing said: We should spare no effort in working for stability in Beijing, and should accord this issue first place in our work. All tasks should be subordinate to, and serve the general objective of reform, development, and stability. I believe that as long as the leading body of the Beijing municipal party committee is able to base itself on implementing central policies, and to strengthen unity, it absolutely will be capable of closely rallying the vast numbers of cadres, party members, and masses under the leadership of the municipal party committee to continuously push forward all undertakings in Beijing.

In his speech, Li Qiyang expressed his full support for the momentous decision, for the instruction given by the central authorities, and for the important speech by Comrade Hu Jintao, as well as his determination to earnestly and resolutely put them into practice, draw lessons from the abovementioned case, and work diligently with enhanced vigor. He said: Leading cadres at various levels and all party members should resolutely support the momentous decision by the party Central Committee; fully understand its necessity, correctness, and importance; seek political and ideological unity with the party Central Committee with Comrade Jiang Zemin as the core; safeguard the Central Committee's authority; seriously carry out the "20-character" principle defined by the Central Committee; appropriately handle the relationships among reform, development, and stability; and conscientiously implement various principles, policies, and decrees promulgated by the party; in a bid to perform the work in Beijing properly and with strengthened unity. In particular, it is necessary to stress stability and to carry out the anticorruption struggle in a thoroughgoing way. We are fully confident that under the leadership of the party Central Committee with Comrade Jiang Zemin as the core, under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line, and in line with the correct deployment of the Beijing municipal party committee with Comrade Wei Jianxing as secretary, we will be able to unite as one, forge ahead, inspire our enthusiasm, and work industriously so that new development will be

attained in Beijing. We certainly should live up to the expectations of the party and the people.

Other leading cadres of Beijing Municipality—including Zhang Jianmin, Wang Daming, Li Zhijian, Chen Guangwen, Zhang Baifa, and so on—also attended the meeting.

#### **Jiang Zemin, Others Meet International Table Tennis Chief**

OW0105134095 Beijing XINHUA in English 1246  
GMT 1 May 95

[FBIS Transcribed Text] Tianjin, May 1 (XINHUA)—Jiang Zemin, President of the People's Republic of China, met with Lollo Hammarlund, President of the International Table Tennis Federation (ITTF), here Monday [1 May] afternoon.

While welcoming the ITTF chief to Tianjin for the coming 43rd World Table Tennis Championships, Jiang said that table tennis is one of the most popular sports in China and Chinese players have scored impressive victories in international competitions.

With hard efforts by local government and people and the outstanding assistance from the ITTF, the Tianjin championships would undoubtedly be a great success, the Chinese president said.

Hammarlund thanked Jiang for his coming to Tianjin for the championships' opening ceremony Monday evening. He expressed his belief that, with the excellent help from local people, the Tianjin event would be the most successful in the ITTF history.

Present at the meeting were members of the ITTF's Executive Committee, and Wu Ching-Kuo, member of the International Olympic Committee from Chinese Taipei, and his wife.

Also present on the occasion were Li Tieying, State Councillor, Wang Guangying, Vice-chairman of the Standing Committee of the National People's Congress, Qian Weichang, Vice-chairman of the National Committee of the Chinese People's Political Consultative Conference, Wu Shaozu, Minister of the State Physical Culture and Sports Commission, and local leaders Gao Dezhan and Zhang Lichang.

#### **Jiang Declares Games' Opening**

OW0105132295 Beijing XINHUA in English 1252  
GMT 1 May 95

[FBIS Transcribed Text] Tianjin, May 1 (XINHUA)—Jiang Zemin, President of the People's Republic of China, declared open the 43rd World Table Tennis Championships here Monday [1 May] evening.

This is the second time that China hosted the biennial event, following the 26th championships in Beijing in 1961.

The world championships will close on May 14.

The competitions proper are scheduled to begin on Tuesday.

### **Editor: Chen Case Opens Post-Deng Power Struggle**

HK0205073695 Hong Kong HONGKONG STANDARD in English 2 May 95 p 15

[Article from the "Opinion" page by China editor Cary Huang: "Struggle for Post-Deng Power Opens"]

[FBIS Transcribed Text] When Beijing's powerful Communist Party chief quit last Thursday [27 April] amid a growing scandal and was replaced by the party's top anti-graft official, it raised the curtain on post-Deng political manoeuvres.

For Chen Xitong, one of the 20 most powerful men in China, it was apparently neither a voluntary end of political life nor a graceful exit from the scene. He was just another scapegoat in a new wave of intensified in-fighting, rather than the victim of "inshirkable responsibility" against rampant graft in the ranks under his helm.

There has been, so far, no allegation that Mr Chen was, himself, involved in the corruption scandal. And while announcing investigations into his case are still continuing—the official verdict of Mr Chen's dismissal was confined to link him to the alleged suicide of his close associate, deputy mayor Wang Baosen weeks ago—the ruling Party Central Committee has already pronounced him guilty.

If this logic was universally applicable, many senior Chinese officials would have to take similar blame. But it was not so in at least one case in Guangdong, where a vice-governor-level official Ouyan De, was the latest senior regional official to be condemned for bribes. However, none of Guangdong's other top officials, including provincial party boss and Politburo member Xie Fei, was blamed.

The official propaganda has underscored the political nature of Mr Chen's ouster by raising the fanfare in praise of Chinese Communist Party chief Jiang Zemin, and calling for nationwide obedience to top party leadership—with Mr Jiang at its core—following Mr Chen's ouster.

Municipal party cadres and government officials were also asked to pledge loyalty to Mr Jiang after hearing directives on future actions and policies.

That Mr Chen's political exit has signalled an intensifying power struggle among factions can be observed from several points.

#### **Mounting diversity**

The resistance of Beijing's entrenched party apparatus to Mr Jiang's actions indicates a mounting diversity among party leaders.

Mr Jiang, who is also president and commander-in-chief of China's military, is known to be haunted by the memory of Mao Zedong's appointed successor, Hua Guofeng, who fell from power two years after the Great Helmsman died in 1976.

Two things most likely to assure Jiang's legitimacy are an anti-graft campaign and a redressing of grievances from the military crackdown on the nationwide pro-democracy movement in 1989.

Jiang has killed at least three birds by hatching the actions against Beijing's political leadership. The anti-corruption campaign was designed to eliminate his rivals, and at the same time placate citizens disgruntled over rampant graft, and soothe political dissent, suppressed since 1989.

In recent surveys, corruption tops the list over citizen discontent with government. So widespread is rank-and-file graft and so disenchanted the population, that not only Jiang's legitimacy—but the very survival of party rule—is at stake.

On another level, the purge of a keen initiator of the bloody crackdown on students in 1989 has sent a message that the leadership may reassess the June 4 incidents in Tiananmen Square and elsewhere, as many people believe a review will occur after paramount leader Deng Xiaoping dies.

History also provides clues that Mr Chen's purge was a political showdown between traditional rivals—the "Shanghai clique" and the "Beijing faction". When Chairman Mao launched the Cultural Revolution in 1966, he used the so-called Shanghai clique, later known as "the gang of four", to successfully defeat the so-called Beijing faction. Peng Zhen, former Beijing party chief and mayor through the 1950s and early 1960s, and four of his deputies fell among the first victims of a massive, nationwide purge. Wu De, who succeeded Peng with support from "the gang of four", fell into disgrace immediately after Mao died for his role in suppressing the 5 April student protests in 1976.

It is traditional for the Beijing apparatus to always be at odds with the central leadership, and it appears the case with Mr Chen and Mr Jiang, as the former relied on connections deep in the Beijing faction to foment discontent against the latter.

The purge is not over but just the beginning of political manoeuvres that coincide with a flurry of new rumours that Mr Deng may be dead or dying.

#### **Official Likens Beijing Government to Mafia Operation**

HK0205064195 Hong Kong SOUTH CHINA MORNING POST in English 2 May 95 p 8

[By Dede Nickerson in Beijing]

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[FBIS Transcribed Text] Beijing city government officials could provide Lifestyles of the Rich and Famous with a smash hit series. The intrigue would be phenomenal—suicide, embezzlement and huge property deals. As one Beijing resident put it: "The Beijing city Government should be renamed the Beijing Property Development Company." It appears that for several years Beijing's rulers have become accustomed to living in a fashion that is more akin to property magnates than to Communist Party officials.

But the disgrace of Chen Xitong, former mayor and secretary of the Beijing Communist Party committee, and his colleagues has been welcomed by some of their government associates. "It was more like a mafia operation than a city government. The corruption became so obvious and the blatant defiance of the central authorities made such strong action necessary," said a party official.

Mr Chen and Vice-Mayor Zhang Baifa came to prominence two years ago when they spearheaded China's 2000 Olympic Bid with the slogan: "A more open China welcomes the Olympics in 2000." The campaign has now become a subject of controversy as rumours spread of fund embezzlement. In an effort to woo support, both Mr Zhang and Mr Chen brought their love for tennis to the fore, straying from their closed circle of regular partners and playing with business people and journalists.

Mr Chen knew that both he and the city suffered public relations problems as a result of the 1989 crackdown, an action he was praised for. But the praise did not earn Mr Chen the top party position he sought, with Jiang Zemin given posts of party chairman, president and head of the Central Military Commission for his peaceful handling of demonstrators in Shanghai.

Many political observers in the capital say this move made Mr Chen and his cohorts all the more rebellious. "This was the time after Tiananmen, around the time of the Asian Games, that the activities and the attitude of the Beijing Government began to change noticeably," said a central government official.

Both Mr Zhang and Mr Chen are said to live in luxury apartments within the compound of the huge complex in northern Beijing known as the Asian Games Village. One of the property developments now under way in the area, known as Sunshine Square, is supposedly being investigated. For government officials who earn a basic salary of around 100 yuan (HK\$91.80) per month, Beijing officials have learned to enjoy the good things in life. Only 10 years ago, Mr Chen prided himself for taking the bus to work—now he travels in a chauffeured Mercedes-Benz.

It is difficult to separate fact from fiction, but the abuse of power in Beijing has led to a crackdown which includes restrictions on the use of government vehicles. Sources say that relatives of Mr Chen and Mr Zhang may

be implicated in the investigation, but so far there has been no official statement or formal allegations.

### **'Whisper Campaign' Begins Against Beijing Vice Mayor**

HK0205063995 Hong Kong SOUTH CHINA  
MORNING POST in English 2 May 95 p 8

[By Dede Nickerson in Beijing]

[FBIS Transcribed Text] A whisper campaign has begun against Beijing Vice-Mayor Zhang Baifa about his alleged involvement in corrupt activities related to the recent suicide of colleague Wang Baosen. Following the resignation of Beijing party secretary, Chen Xitong, rumours were circulating in Beijing that Mr Zhang had been taken into custody over the weekend. "Zhang was taken into custody for several hours and then released," said a source. Beijing Government officials were unavailable for official comment as a result of the May Day holiday.

In the days leading up to Mr Chen's resignation, a similar whispering campaign occurred. Sources say it is only a matter of time before Mr Zhang is officially criticised or asked to step down for his alleged misconduct.

The Vice-Mayor, whose portfolio covers infrastructure and city planning, has reportedly been involved in a number of property deals, the biggest being the Asian Games Village. Sources said he was involved in the construction, financing and current operation of the huge complex. There is speculation that he is also involved with other massive projects in the capital.

Mr Zhang worked closely with Mr Chen, most visibly in Beijing's failed attempt to secure the 2000 Olympics for Beijing. There is now talk of illicit practices relating to Beijing's bid. But no hard evidence has been made public in Mr Zhang's case or in any of the other corruption cases now under investigation.

Mr Zhang is known for his outgoing demeanour and is viewed as a fairly open person, often participating in public events such as corporate ribbon-cuttings. Unlike Mr Chen, Mr Zhang distanced himself from the Tiananmen crackdown in 1989. He was the talk of the town in 1990 when he supposedly threatened to jump off a building if the Asian Games, hosted by Beijing, did not run smoothly. In the early 1990s, Mr Zhang was talked about as a potential mayor or party boss of Beijing.

Just how far the current crackdown against corruption will go remains to be seen. The campaign represents an effort by President Jiang Zemin to secure his position and enlist greater public support for the Communist Party, support that has waned considerably in the past few years. To some extent the campaign has been successful, as Beijing residents have been pleased to see corrupt officials and high-level businessmen such as

Zhou Beifang, former chairman of Shougang International, punished for questionable deals.

Sources in Beijing said that Mr Zhang might be able to hold out for some time because of his connections with several influential party elders. They said President Jiang might also decide not to rock the boat by replacing too many senior officials in the capital in one go.

### Review of Chen Yun's Historical Role

HK0205065595 Beijing LIAOWANG in Chinese No 16, 17 Apr 95 pp 4-5, 47

[Article by Mei Xing (2734 5887) and Chen Qun (7115 5028): "Comrade Chen Yun in New Historical Development Period"—first three paragraphs are editor's note]

[FBIS Translated Text] Editors' note:

Comrade Chen Yun, a great proletarian revolutionary, has passed away.

With great grief we have compiled some captions extracted from the album "Chen Yun" under the book series "The Party's Historical Documents," to express our deep mourning, and our eternal love and respect for him.

—After the smashing of the "Gang of Four," Chen Yun was re-instated to leading positions, with the support of central leading comrades, including Ye Jianying and Li Xiannian, and of the vast number of cadres.

During the CPC central authorities' work meeting held in March 1977, Chen Yun delivered a written speech. He maintained that the Tiananmen Incident on 5 April 1976 should be correctly interpreted and reappraised. He also suggested that Deng Xiaoping be reinstated to leading positions among the party's central authorities.

After this central work meeting, Chen Yun played an active role in supporting Deng Xiaoping in criticizing the erroneous "two whatever's" view, and strongly endorsed the discussion on the criteria for truth. He highly appreciated the idea that "practice is the only criterion for judging the truth." This slogan often appeared on inscriptions he wrote in dedication to friends.

—During the CPC central work meeting held between November and December 1978, Chen Yun was the first to call for reversing the case of so-called traitor clique involving 61 people, including Bo Yibo; thoroughly correcting the political judgments formerly passed on Tao Zhu, Wang Heshou, and other people; recognizing Peng Dehuai as a CPC member who had made great contributions to the party's cause; and acknowledging the Tiananmen Incident as a great mass campaign. He also pointed out that Kang Sheng had committed serious mistakes during the "Great Cultural Revolution."

During this central work meeting, which lasted more than a month, Chen Yun also stated that it is necessary to work with a positive attitude, and in a steady and cautious manner to accomplish the great cause of the four modernizations. He advocated that grain imports should be increased so as to pacify the peasants as a major sector, industrial equipment and technology import projects should be carried out in an orderly manner without precipitation, and all provincial and city authorities should be granted some discretion to dispose of their financial resources.

These opinions expressed by Chen Yun represented the wishes of the vast number of party members and the broad masses of people, and were endorsed by the meeting's participants.

—The Third Plenary Session of the 11th CPC Central Committee was held from 18 to 22 December 1978. This was a meeting of far-reaching historical significance. According to a proposal put forward by Deng Xiaoping, Ye Jianying, Li Xiannian, Chen Yun, and other revolutionaries of the older generation, the plenum adopted the guiding principle of emancipating the mind, using one's brains, seeking truth from facts, and uniting as one to strive for a bright future; made a strategic decision on shifting the focus of work of the whole party to the cause of socialist modernization; and formulated a program to speed up agricultural development.

During the plenum, Chen Yun was re-elected a member of the CPC Central Committee Political Bureau Standing Committee and vice chairman of the CPC Central Committee. He also was elected first secretary of the CPC Central Discipline Inspection Commission.

—The CPC Central Discipline Inspection Commission called its first plenary session in January 1979. Addressing the plenum, Chen Yun pointed out: The basic task of the party's Central Discipline Inspection Commission is to safeguard party regulations and laws, and to rectify party style. The plenum discussed and drew up a draft of the "Guiding Principles for Inner-Party Political Life," which was submitted to the CPC Central Committee for examination and discussion.

In February of the same year, the Central Discipline Inspection Commission, in cooperation with the Organization Department of the CPC Central Committee, began to re-examine the case of Liu Shaoqi. The findings of the re-examination led to the conclusion that all the charges brought against Liu Shaoqi were pure fabrications by Lin Biao, Jiang Qing, and their ilk, who deliberately framed up the case against Liu. During the Fifth Plenary Session of the 11th CPC Central Committee held in February 1980, a resolution was reviewed and adopted to reverse Liu Shaoqi's verdict. After that, according to a suggestion by Chen Yun and with the endorsement of Deng Xiaoping, Li Xiannian, and other members of the Standing Committee of the CPC Central

Political Bureau, the case of Pan Hannian was re-examined, and a decision was adopted to reverse his verdict.

In November 1980, Chen Yun noted: The party style of a ruling party is a matter of vital importance. This view sounded the alarm to the vast number of party members. He later put forward two other views:

For the party's leading organ, in order to rectify party style, the first priority is to uphold and implement the principle of democratic centralism as stipulated in the party constitution. It is necessary to cultivate a democratic atmosphere within the party, and party members should be allowed to put forward different opinions or to have reservations.

As far as party spirit and party discipline are concerned, "untying" is out of the question. Without a fine party style, reform will be impossible.

—Chen Yun fully supported Deng Xiaoping's view that it is necessary to appraise Mao Zedong's historical position based on the facts, and to uphold and develop Mao Zedong Thought. He repeatedly emphasized that Mao Zedong's merits should be placed first, and his mistakes second. He maintained that Mao Zedong made a matchless contribution, as he cultivated a whole generation, including ourselves.

In 1981, when discussing the draft of the "Resolution on Certain Questions in the History of Our Party Since the Founding of the PRC," Chen Yun suggested that a passage on the first 28 years of the CPC, before the founding of the PRC, be added to the resolution so as to more comprehensively sum up Mao Zedong's historical position and contributions.

—While holding other posts, Chen Yun concurrently served as chairman of the Finance and Economy Committee under the State Council from March 1979 to March 1980. He was appointed vice premier of the State Council in July 1979.

During a meeting of the CPC Central Committee Political Bureau, Chen Yun told his colleagues: It is not suitable for me to hold the post of chairman of the State Council Finance and Economy Committee. First of all, I am not physically fit for the job; second, my working experience in this area is very limited. He said: If I have to undertake a task, I can do only what I think is the most necessary, and what I am capable of.

—In "Plan and Market," a report outline he presented on 8 March 1979, Chen Yun noted: Throughout the socialist period in our country, there should be two economic sectors: First, the planned economic sector, and second, the market regulation sector. The first sector is primary and fundamental, and the second is subordinated to the first and is secondary, but in the end is indispensable. He later summed up his view

into the following formula: The planned economy plays the primary role, while market regulation serves as the auxiliary.

In that outline Chen Yun also noted: Over the past 60 years, a main deficiency of the planned-economy system practiced in either the Soviet Union or China is that stress has been laid only on the principle of "developing the economy in a planned way and in proportion," while the need for market regulation under the socialist system has been completely ignored.

At the national conference of party delegates held in September 1985, Chen Yun said: Planning is the main basis for macroeconomic control. The plan can be divided into two categories: mandatory plans and guiding plans. These two categories of plans follow two different methods, but both of them need to make use of various means of economic regulation.

Given the circumstances at that time, these views presented by Chen Yun played a positive role in reminding people of the importance of market regulation, and in breaking from the planned-economy structure characterized by a high degree of centralism.

—There had been a serious imbalance between different sectors of the national economy in our country during the "Great Cultural Revolution." The situation was aggravated because of some faults we made in our work over the two years following the smashing of the "Gang of Four." In March 1979, in view of the serious imbalance between financial revenues and expenditures, Chen Yun and Li Xiannian jointly wrote to the CPC Central Committee, suggesting that efforts be made to readjust the proportion between different economic sectors in two to three years, so as to prevent any more "economic ups and downs." In April of the same year, the CPC Central Committee called a work meeting, and decided to apply a policy of economic consolidation, that is, the principle of "readjusting, restructuring, consolidating, and improving," with readjusting as the key link. In the wake of the implementation of this principle, the difficult condition of the national economy was substantially eased, which in turn expedited the reform of rural economy.

During a meeting of the CPC Central Committee Political Bureau around that time, Chen Yun noted: The principle of seeking truth from facts must be applied to the four modernizations program as well. The blueprint for the four modernizations must be based on the following facts: China has a population of 900 million, 80 percent of whom live in rural areas and need to improve their living standards. He again stressed that proportional development of the economy was the quickest way for China to develop.

At that time, opinions varied on Shanghai's Baoshan Iron and Steel Corporation project. Chen Yun made a special trip to Shanghai to call a meeting of metallurgical experts in late May 1979. When he returned to Beijing,



he called a meeting of the State Council Finance and Economy Committee to study the case. It was decided that the project should be carried out. Chen Yun said: The Baoshan Iron and Steel Corporation project is an extra-large project in the four modernizations program. Once it is started, it must be completed. We must make sure the project will succeed, and must never let it fail. We must make sure that we will learn and master advanced technology through this project.

Chen Yun always advocated that the economy should develop in a down-to-earth manner. During a meeting held by the State Council Finance and Economy Committee in September 1979, he again proposed dealing with the longstanding problem concerning the excessively large scale of capital construction. He maintained that the scale of capital construction should be commensurate with the amount of financial appropriation that the state can afford; in other words, one should follow the principle of acting according to one's capabilities. He emphasized: Under the four modernizations program, while launching a few big projects, we should focus our attention on tapping the potential of existing enterprises, promoting technical innovation, and transforming these enterprises.

—At a work meeting held by the CPC Central Committee on 16 December 1980, Chen Yun delivered a speech entitled "The Economic Situation, and Lessons Drawn From Our Experience," elaborating on some guiding principles and policies designed to solve some problems in economic operations at that time.

He pointed out: The principal mistakes we committed in the economic field following the founding of the PRC were mistakes related to "leftism." In general, the situation was better before 1957. We have gone further and further "leftist" since 1958. These are major mistakes, which have cost us a high price. The main origin of these mistakes is the "leftist" guiding ideology.

He praised the reform of the economic structure, for it had produced unprecedentedly good results, boosted agricultural production, improved the people's livelihood, and invigorated the market. On the other hand, he also pointed out: We also must be aware of the unfavorable aspect—the increase in the prices of quite a few commodities, which has lowered the people's living standard.

He held that acting according to the economic law is a good practice. At the same time, however, intervention by the state is necessary. A country as large as ours cannot go without centralized administration; otherwise everything will be in a mess, which will be detrimental to the reform. However, we must advance at a steady pace because we are dealing with complicated problems, in which case we must not be overanxious for a quick solution. We must start with pilot projects, and be ready to draw lessons at any time. He said: This is what is meant by the saying "groping one's way across the river by feeling for the stones at the bottom."

—Chen Yun raised the issue of increasing grain output almost every year. As China has a large population, the issue of grain production must never be treated lightly. In 1984, China reaped an unprecedented bumper harvest of grain. Everyone was happy about this, and some comrades even believed that the grain problem had been solved once and for all. During the national conference of CPC delegates held in September 1985, Chen Yun reminded the participants: "No stability without agriculture," and "turmoil will spring up if grain is in short supply," so this issue must not be treated lightly.

Chen Yun had long advocated the necessity of maintaining appropriate ratios among national income, accumulation, and consumption. He was never in favor of an excessively high accumulation rate. In late 1981, he again stated: First, we must ensure a sufficient supply of food for our population of 1 billion. Second, we must carry on socialist construction. If we eat everything up and exhaust our resources, our country will be hopeless. He held that this is the major principle for economic work. In other words, accumulation must be kept under control, and consumption must be kept under control as well. Neither accumulation nor consumption should be increased without restraint.

—Chen Yun attached great importance to the selection and fostering of middle-aged and young cadres. Back in March 1979, he proposed selecting some cadres in their forties or fifties to join the State Council Finance and Economy Committee as "back-row committee members," in other words, to select qualified successors in good time. During the Fifth Plenary Session of the 11th CPC Central Committee, which was held in February 1980, he called for proper arrangements for succession to leading party cadres. He said: Selecting qualified young cadres at all levels is an important task for the CPC Central Committee Secretariat, and for the entire party as well.

In the spring of 1981, Chen Yun held forums, read relevant documents, and concentrated on studying the issue of selecting successors at all levels. He held that it was necessary to begin immediately to foster tens of thousands of young and middle-aged cadres, and to build the first, second, and third echelons, so that the party would have a contingent composed of old, middle-aged, and young cadres who are competent for modernization. He believed that this was a strategic task of decisive significance for the party's future. Chen Yun reiterated time and again: The principle of political integrity and professional competence still must be followed in selecting and employing cadres; professional competence is certainly indispensable, but political integrity still must be placed first. He also maintained that higher requirements must be set on cadres in the new historical period, that is to say, cadres must be better educated, and equipped with more professional knowledge and managerial experience.



Chen Yun stressed time and again that leading cadres must study to gain more knowledge, especially of Marxist philosophy. He believed that in order to ensure good leadership for our party and country, the most important thing is to ensure that our leading cadres master the correct way of thinking.

—In a speech in November 1981, Chen Yun touched on the handling of the cases of the two counterrevolutionary cliques headed by Lin Biao and Jiang Qing. He thought that the "Great Cultural Revolution" was an internal turmoil, and a political struggle as well. Some wicked careerists made use of this political struggle, so those wicked careerists had to be separated from others who were involved in the cases. Methods used to handle cases of political struggle should be applied to the latter. That is to say, it is necessary to be aware of the specific historical conditions of this struggle; it is still more necessary for the party to draw a lesson so as to guard against a repeat of similar mistakes, and to adopt correct methods in future inner-party struggles.

—Chen Yun always showed concern for the offspring of revolutionaries, especially those of high-ranking cadres, and demanded that they keep the party's glorious traditions.

In June 1949, Chen Yun wrote to the son of one of his comrades-in-arms, warning him not to give himself the airs of a revolutionary hero's son. He told the young man to bear in mind that "the real revolutionary heroes are all the ordinary people."

In 1983, Chen Yun passed the lunar New Year at home with the children of some martyrs who had joined the revolutionary ranks in the initial period after the founding of the party and later sacrificed their lives to the revolution. Chen Yun told them: "You are the offspring of revolutionaries and the children of the party. You should follow the example of your parents, proceed from the party's interests in everything, and never hesitate to give your all to the party."

—Chen Yun was very much concerned about the case of middle-aged intellectuals, and the issue of primary and second education. In July 1982, he wrote to the CPC Central Committee Political Bureau Standing Committee, proposing to offer better working and living conditions to middle-aged intellectuals. Without doing this, we cannot possibly upgrade our science and technology, nor can we possibly increase our productive forces, he said.

In a speech delivered in September 1984, he noted: It is necessary to raise the social standing of primary and secondary school teachers, and gradually to turn the teaching profession one of the most respected and preferred in the community. In February 1986, he invited some representatives of primary and secondary school and kindergarten teachers in Beijing to a forum held in Zhongnanhai. He assured them: Teaching is the most glorious profession.

Chen Yun was also concerned about the sorting and compilation of ancient books. He thought of this as a matter of prime importance to the enhancement of the motherland's cultural heritage.

—Pingtan is an art of storytelling and ballad-singing in Suzhou dialect, which is popular to the south of Chang Jiang. Chen Yun had been fond of Pingtan since his youth. He later gave up this hobby when he joined the revolution. After 1959, he took up his hobby again, and spent his leisure time listening to Pingtan. In more than three decades since then, he had heard many Pingtan programs, gotten to know many Pingtan singers, and had deeper understanding of the art of Pingtan.

In April 1981, when meeting with some Pingtan singers, Chen Yun encouraged them to "foster more Pingtan artists, write more books on Pingtan, and follow the right path of art development." Only when the right path is followed, will the art of Pingtan be able to survive and develop, he said.

—In his written speech delivered at the Third Plenary Session of the 12th CPC Central Committee in October 1984, Chen Yun noted: As ours is a socialist country, we not only need to develop a high degree of material civilization, but also a high degree of socialist spiritual civilization. This is a goal at which we must always aim.

When talking in June 1985 about the rectification of party style, he said: We must pay attention to both material and spiritual civilization. To develop socialist spiritual civilization, the crucial point is to enhance the party style of the ruling party, and the party spirit of CPC members, and to firm retain the purity of communism. When addressing a meeting held by the CPC Central Discipline Inspection Commission in September of the same year, he again noted: At present, it is quite common for people to overlook spiritual civilization. This is by no means a small problem. All our comrades in the party definitely must pay great attention to it.

—Chen Yun withdrew from the CPC Central Committee, the Political Bureau, and its standing committee following the 13th CPC National Congress in 1987. He accepted the appointment as chairman of the Central Advisory Commission. During that period, he talked on many occasions about some of the problems existing in economic operations. He pointed out: We are right to strive to invigorate the economy, but if power is over-diversified, things will be thrown into disorder and it will be hard to invigorate the economy. He held that the central leadership's political authority must be based on its economic authority. Without economic authority, the central leadership's political authority will not be firm enough.

In July 1992, in an article in memory of Li Xiannian, Chen Yun emphasized in particular: Today, the economic construction in our country is of much larger scale

and is much more complicated than before. Some practices that proved effective in the past are mostly out of fashion under the new circumstances amid the ongoing reform and opening up. For this reason, we must try very hard to learn new things and make unremitting efforts to solve new problems.

Chen Yun retired following the 14th CPC National Congress, but he continued listening to radio newscasts, and always paid attention to major events at home and abroad. On the eve of the Spring Festival in 1994, he made some important remarks in Shanghai, urging the entire party and country to defend and strengthen the authority of the party's central leadership with Jiang Zemin as the core. He believed that no great achievements can be made and no social stability can be maintained if the central leadership fails to retain its authority.

#### **Li Tieying Receives IAAF Decoration 29 Apr**

*OW0205010595 Beijing XINHUA in English 1436 GMT 29 Apr 95*

[FBIS Transcribed Text] Beijing, April 29 (XINHUA)—Chinese State Councillor and Honorary President of the Chinese Athletic Association (CAA) Li Tieying was awarded a decoration by the International Amateur Athletic Federation (IAAF) here on Saturday [29 April].

President of IAAF Primo Nebiolo, who came here for the two-day Beijing World Cup walking race, awarded the decoration to Li during his meet with the State Councillor.

#### **General Speaks in Memory of Marshal Ye Jianying**

*HK0105133395 Beijing JIEFANGJUN BAO in Chinese 21 Apr 95 pp 1, 2*

["Excerpts of Speech Delivered by Vice Chairman Zhang Zhen at the Forum on the Publication and Circulation of 'Biography of Ye Jianying,' and Marking the 98th Anniversary of Ye Jianying's Birthday on 20 April 1995"]

[FBIS Translated Text] Comrade Ye Jianying was a long-tested and loyal communist serviceman, a great proletarian revolutionary, a statesman, a strategist, one of the founders of the Chinese People's Liberation Army [PLA], and an outstanding leader who assumed important leading posts in the party and state for a long time. The great contributions he made to the cause of the liberation of the Chinese people and the establishment of socialism in the revolutionary struggles of more than half of century will go down in history, shine through the ages, and illuminate future generations.

During the Long March, he rendered outstanding service to the party by struggling bravely and resourcefully against the plot of Zhang Guotao, who attempted to harm the CPC Central Committee and the Red Army.

Under extremely difficult and complicated conditions during the decade-long turmoil of the "great cultural revolution," Comrade Ye Jianying waged unremitting struggles against the Lin Biao and Jiang Qing counter-revolutionary cliques, heedless of his personal safety. Following the death of Zhou Enlai, Zhu De, and Mao Zedong in 1976, the Jiang Qing counterrevolutionary clique stepped up its plot to usurp supreme party and state leadership. When the party and state faced a critical situation in October, Comrade Ye Jianying, in light of the views of the majority of comrades of the Political Bureau, joined other leading comrades, represented the will of the party and the people, smashed the Jiang Qing counterrevolutionary clique at one blow, and saved the party and state from danger. In the struggle concerning the destiny of the party and state, Ye Jianying played a decisive role, and once again made outstanding contribution to China's revolutionary cause, thus enjoying the love and esteem of the entire party, Army, and nation.

Following the downfall of the Jiang Qing counterrevolutionary clique, Ye Jianying, who assumed party and state leadership, showed great foresight. He regarded bringing order out of chaos and attaining correct party leadership as guarantees for the party and state to lead the revolutionary cause to victory in the new historic period. To this end, he grasped a series of major events related to the overall situation: Rectifying organizations; purifying the ranks; expelling the followers of Lin Biao and the "gang of four," who had done evil, from the party and state leading posts at all levels; allowing Marxists to assume leadership; redressing unjust and framed-up cases, and those handled mistakenly; recommending capable persons; releasing large numbers of framed and persecuted leading cadres; removing all sorts of obstacles; and inviting Deng Xiaoping, Chen Yun, and other long-tested revolutionaries of the elder generation to assume party and state leadership, and to establish the CPC central authorities and a Marxist leadership core; joining Deng Xiaoping and other central leading comrades at the Third Plenary Session of the 11th CPC Central Committee to set things to rights in the party's guiding ideology, reestablish the Marxist ideological, political, and organizational lines, and make the strategic policy decision of shifting the focus of the party and state work onto the building of socialist modernization. The "Biography of Ye Jianying" truly and vividly describes the great and brilliant life of Comrade Ye Jianying, and fully reflects his dedicated spirit of fighting to his last breath for the communist cause; his staunch party spirit of upholding the truth, adhering to the party principle, and safeguarding the interests of the party and the people; his revolutionary courage and superb art of struggle manifested at the critical turning point of complicated revolutionary struggles; and his proletarian revolutionary style and character of eagerness to learn and think, firmness, honesty and prudence, magnanimity, taking the overall situation into account, and uniting comrades. All these are the valuable treasure Comrade

Ye Jianying handed down to us, which we should seriously study and carry forward at all times.

We should take practical action to commemorate and emulate Comrade Ye Jianying, inherit his will, uphold the party's basic line under leadership of the CPC Central Committee and Central Military Commission with Comrade Jiang Zemin as the core, take Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and Army building ideology in the new period as the guide, exert ourselves, forge ahead, and work hard to build China into a powerful modern socialist country with a high degree of democracy and civilization, and to build our Army into a powerful modern, regular, and revolutionary army!

#### 140 Christian Evangelists From Henan Arrested

HK0205073795 Hong Kong EASTERN EXPRESS in English 2 May 95 p 7

[By Bruce Gilley]

[FBIS Transcribed Text] About 140 Christian evangelists from Henan province have been arrested by police across the country in a crackdown thought to be related to recent instructions issued by the General-Secretary, Jiang Zemin.

The evangelists, members of the burgeoning underground Christian movement based in Henan's Fangcheng county, were sent out after the lunar new year to win converts, mainland church sources said. Organized into "gospel teams", the 1,000-plus believers were dispatched to locations as far away as Sichuan province and the cold northeast. "The Fangcheng police sent out arrest warrants all over the country for some of the better known preachers," a group member said last night from the nearby city of Nanyang.

While many of those detained had been released, the preacher said at least a third of them are still being held in prison without charge. "As the teams return, we are hearing about all the detentions. The numbers are really startling," he said.

Mainland police usually levy a fine of up to 1,000 renminbi (HK\$920) per head on those detained, although the length of detentions is thought to have fallen recently.

Known as the evangelical centre of China's unofficial Christian movement, Fangcheng came to international attention last year when five Hong Kong-based foreign evangelists were detained there for conducting "illegal religious activities" and expelled from the country. The loosely-organized Fangcheng group first began the post-lunar new year campaign in 1992, when every missionary was urged to win at least one convert in the month after the holiday.

Since then, Fangcheng has attracted Christian evangelists from around the country, many of whom come in

order to join the annual campaign. A dozen teams were dispatched during last year's drive. One team alone claimed to have attracted 20,000 new believers, although the figures are difficult to confirm.

Henan's total Christian population was put at 4.6 million last year by the US-based religious information agency, News Network International (NNI)—well above the official figure of 2 million. Along with Yunnan and Zhejiang provinces, Henan had one of the highest concentrations of Christians in the country, NNI said in a survey.

Chinese church analysts say the clamp could be related to Jiang's reported assertion at an internal meeting last year that religion was one of the biggest threats to communist rule since the founding of the People's Republic in 1949. "The Fangcheng missionaries really agitate local authorities wherever they go," a church analyst said.

Fangcheng leaders apparently considered moving their base to another part of the country last year after authorities stepped up the monitoring of their activities. However, the reputation of the county among mainland believers led to a shelving of the idea, sources said.

#### Vice Minister Discusses Education Law

OW0205012695 Beijing XINHUA Domestic Service in Chinese 0127 GMT 22 Apr 95

[FBIS Translated Text] Beijing, 22 Apr (XINHUA)—On 22 April, Zhang Tianbao, State Education Commission vice minister, answered a XINHUA reporter's questions on several issues regarding studying and publicizing the "Education Law."

Question [Q]: The "Education Law," which was examined and approved by the Third Plenary Session of the Eighth National People's Congress, has evoked a rather strong response from society. Certain issues have to be perfectly and accurately understood, and relevant articles comprehended when studying and publicizing the law. Please begin by discussing your views on how the "Education Law" reflects and determines the party's leadership in education work.

Answer [A]: Persevering in the CPC's leadership in education work is the basic guarantee for implementing the country's education principles and cultivating builders of and successors to the socialist cause. It is also the embodiment of the socialist quality of our country's education. The "Education Law" states: "The state adheres to the guidance of Marxism-Leninism and Mao Zedong Thought and the theory on socialism with Chinese characteristics, and abides by the fundamental principles defined by the Constitution to develop the socialist educational undertakings." The clause—"abides by the fundamental principles defined by the Constitution"—refers mainly to the need to uphold the CPC's leadership in education work. Because of substantial differences in the level, type, scale, and nature of



schools and other educational organs, it is very difficult to form a set of unified provisions to govern the leadership system in schools. Therefore, Article 30 of the "Education Law" stipulates: "In accordance with relevant state provisions, operators of schools and other educational organs shall determine the management system of their schools and educational organs." The article not only provides the essential basis for the diverse types of internal management systems that are already in place, but also provides the legal basis for future explorations on the reform of the internal management systems of schools, and for further consolidating and improving the position and roles of grassroots CPC organizations in schools and other educational organs.

Q: Since the founding of our People's Republic, several changes have been made to the formulation of our country's education principles. The educational circles hope that the "Education Law" will provide rather complete, scientific, and accurate provisions on the education principles. How does the "Education Law" describe the education principles?

A: The education principles are the basic guiding principles for the development and reform of our country's educational undertakings. It is the common hope of the educational circles and other social sectors that the "Education Law" explicitly stipulates and scientifically defines our country's education principles. Based on summed up experiences, and in accordance with relevant clauses in the Constitution and the guidelines of the "Outlines on Chinese Educational Reform and Development," the "Education Law," after comprehensively studying the opinions of various quarters, clearly enunciates the education principles as follows: "Education must serve socialist modernization and be combined with productive labor, and train builders of and successors to the socialist cause who have undergone all-round development in moral character, intellect, physical ability, and other aspects." This is consistent with the fundamental spirit encompassed in relevant passages in the "outline," except for the addition of the words "and other aspects" after "moral character, intellect, physical ability." The statement not only retains the prominent position occupied by moral character, intellect, and physical ability, but also incorporates the demands for such things as aesthetic and labor education, as well as provide the essential legal basis for such education.

"Builders of and successors to the socialist cause," as mentioned in the educational principles, should be understood as what is comprehensively required by our country of those who receive education. These two subjects should be considered as one and the same and should not be taken separately and considered antagonistic to each other.

Q: A person's educational level has a major impact on his work and life. Mainly, what does the "Education Law" stipulate to guarantee equal opportunity for education for our citizens?

A: The right to education is a fundamental right of our country's citizens. One of the important legislative aims of the "Education Law" is to earnestly protect the legitimate rights and interests of those receiving education. Equal opportunity for education for our citizens is the most crucial part of these rights and interests. Equal opportunity for education for our citizens, as stipulated by law, is an important, fundamental educational principle established according to the principle enshrined in the Constitution: "Citizens of the People's Republic of China are equal before the law." The "Education Law" requires that the state help and lend support to ethnic minority regions and remote and impoverished regions in developing their educational undertakings; support and develop education for the disabled; protect women's equal right to education; and provide all types of aid to students from families with economic difficulties. It thus embodies the requirements stated in the principle that citizens enjoy equal opportunity for education. The implementation of that principle must be further specified in concrete terms in relevant educational laws, regulations, and rules according to different levels and types of education, local economies, and cultural development.

Q: Following the reform of the operating system for schools, the state should give more encouragement and support to societal forces in operating schools and other educational organs. Why does the "Education Law" state then that "the operation of schools and other educational organs should not be profit-oriented?"

A: It has always been the mission of education—a social activity—to train expert personnel. We have observed the basic norm of not seeking profits when conducting educational activities. The main reason we stipulate in the "Education Law" that schools and other educational organs should not be profit-oriented is to guarantee that educational activities conform with public interests of the state and society. The relevant clause has also been formulated in light of acts by certain units and individuals who make huge profits from running schools. We do not allow profit-oriented school operations, which turn the lofty undertaking of training builders of and successors to the socialist cause into a means for earning money and making profits. Of course, by not taking profit-making as the goal we do not mean that schools and other educational organs should not undertake trade-related activities and reap certain economic benefits. Instead, we mean that such benefits should be used to operate schools, and should not be regarded as investment profits and allocated to units and individuals according to the proportion of investment they make in the schools. Bearing in mind that school operations should not be profit-oriented, the state has adopted measures according to law to protect the enthusiasm and legitimate rights and interests of school operators.

Q: What are the stipulations of the "Education Law" on legal responsibility on education and supervising the enforcement of educational laws?

A: The enforcement of educational laws and supervision of the enforcement work are indeed an important link that urgently needs to be strengthened and improved in educational legislation. To ensure the smooth implementation of the "Education Law," and strengthen and improve the enforcement of other educational laws and the supervision of such enforcement efforts, the "Education Law" prescribes legal responsibilities for those who commit illegal acts in educational activities, and defines the responsibility of relevant organs in law enforcement. In practice, we must study ways to establish and improve the system for mediating and arbitrating educational disputes, and improve the system for supervising the enforcement of educational laws. We must also handle the growing numbers of educational disputes according to law; protect the legitimate rights and interests of parties concerned; ensure the implementation of educational laws, rules, and regulations; promote educational reform and development; and promote the fine social practice of observing laws, investigating law violators, and rigorously enforcing laws.

Q: In your opinion, what are the issues we should pay attention to further improve our effort to study and publicize the "Education Law?"

A: The "Education Law" is the fundamental major law in our country's educational work. It has an important, practical significance in our country's educational reform and development and far-reaching historical significance. We should effectively make plans to study and publicize the "Education Law," lay a good foundation for the ideological understanding of the law's implementation, and conduct propaganda and prepare the public in this regard.

When studying and publicizing the "Education Law," we should take into consideration the effort to further study, publicize, and implement the "outlines," so that these two documents will promote and complement each other.

When studying and publicizing the "Education Law," one should gain an overall and complete understanding of the principles, guidelines, and articles in the "Education Law," and should not limit himself to merely examining the law from the perspective of his department, his unit, or himself as an individual. In particular, it should be stated that studying, publicizing, and implementing the "Education Law" is the responsibility of the entire society, especially governments at all levels and functional departments. In addition to the educational departments—which should make arrangements to study and publicize the law—relevant government departments at all levels should also earnestly make arrangements for studying and publicizing the law in keeping with their respective responsibilities in implementing the "Education Law."

When studying and publicizing the "Education Law," we should publicize typical experiences from some localities, departments, and schools; focus on obtaining actual

results; work in a down-to-earth manner in implementing the "Education Law;" and earnestly address practical issues concerning educational development and reform.

#### Roundup on Activities To Emulate Kong Fansen OW0105092295

[FBIS Editorial Report] PRC media monitored from 11-28 April carried the following reports on activities to emulate the deeds of Comrade Kong Fansen, late secretary of the Ngari Prefectural Party Committee. The source is noted in parentheses after each report.

**Xinjiang Leaders Call For Emulating Kong Fansen**—At a meeting, Xinjiang leaders Tomur Dawamat, Wang Lequan, and Abdulahat Abdurixit called for emulating the deeds of Kong Fansen. Tomur Dawamat, vice chairman of the National People's Congress [NPC] Standing Committee, said: "It is a very good typical case. We have emulated Lei Feng and Jiao Yulu. I think it is a miracle that such a good typical case has emerged now." Wang Lequan, secretary of the Xinjiang Uygur Autonomous Regional Party Committee, said: "We shall further boost the confidence of the broad masses of cadres and party members in wholeheartedly serving the people through the study of Comrade Kong Fansen's deeds." (Urumqi Xinjiang Television Network in Mandarin 1330 GMT 11 Apr 95)

**Tibet Holds Meeting on Emulating Kong Fansen**—The Tibet Autonomous Regional Party Committee [TARPC], Tibet Autonomous Regional People's Government [TARPG], and some leading comrades organized a meeting on the afternoon of 11 April in Lhasa, to earnestly study the advanced deeds of late Comrade Kong Fansen. TARPC Executive Deputy Secretary Guo Jinlong pointed out: "First of all, it is necessary to further improve understanding of the importance and necessity of studying the advanced deeds of Comrade Kong Fansen in Tibet. In particular, leading cadres at all levels must take the lead to study his deeds and enhance the consciousness of study." TARPC Deputy Secretary Basang urged leading cadres at all levels to look upon Comrade Kong Fansen as a mirror for constant self-examination. Yang Chuantang, deputy secretary of TARPC and executive vice chairman of TARPG, said: "Leading cadres at all levels must earnestly study the essence of Kong Fansen's advanced deeds in light of their actual work and turn the enthusiasm inspired by the study into a driving force to promote the smooth development of various undertakings in Tibet." TARPG Executive Vice Chairman Gyamco said: "It is necessary to study Comrade Kong Fansen's advanced deeds in conjunction with the strengthening of unity among all nationalities and the fight against splittism. Leaders at all levels must improve their thinking and work style, and successfully fulfill their respective duties." TARPG Vice Chairmen Yang Song and Luosang Toinzhub, together with other leaders, also participated in the study. (Lhasa Tibet Television Network in Mandarin 1200 GMT 12 Apr 95)

**State Education Commission Calls For Emulating Kong Fansen**—The State Education Commission [SEC] recently made a decision requiring education circles to conduct thoroughgoing activities to emulate the heroic deeds of Comrade Kong Fansen. The SEC pointed out that such activities have important and profound significance for facilitating all cadres' and party members' to persevere in tempering their party spirit; strengthen their sense of responsibility and of having undertaken an historical mission to build socialism with Chinese characteristics; enhance their consciousness of implementing the party's basic line; conscientiously improve leadership and work style; and maintain flesh-and-blood ties with the masses of people. The SEC required that such activities be conducted in conjunction with intensive study of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and with the implementation of the guidelines laid down by the Fourth Plenary Session of the 14th CPC Central Committee to further promote the implementation of the "Opinions of the CPC Central Committee on Further Strengthening and Improving Moral Education in Schools" and the "Program for Conducting Education in Patriotism." (Beijing XINHUA Domestic Service in Chinese 1017 GMT 24 Apr 95)

**Kong Fansen Posthumously Commended as National Advanced Worker**—According to a 24 April briefing given by the preparatory committee of a commendation meeting for national model workers and advanced production personnel, with the approval of the State Council, Kong Fansen has been posthumously commended as a national advanced worker. (Beijing XINHUA Domestic Service in Chinese 1046 GMT 24 Apr 95)

**Shooting of TV Serial on Kong Fansen Begins in Tibet**—A ceremony to mark the start of shooting of a 6-part TV serial on Kong Fansen was held in Lhasa on the afternoon of 24 April. The TV serial, jointly produced by the Shandong Film and TV Production Center, China Central Television Station, and Tibet Television Station, was scheduled for public showing around 1 July. Tibet leaders Guo Jinlong, Danzhi, Lieque, Puqung, Yongzhonggawa, Toinzhub, Luosang Toinzhub, Zangzhong Zhaxi Doje, Tangmai Gongjue Baimu, Tao Changlian, and others attended the ceremony. (Lhasa Tibet Television Network in Mandarin 1200 GMT 25 Apr 95)

**TARPC Issues Circular on Publication of Book on Kong Fansen**—The TARPC recently issued a circular announcing that a book entitled: "An Everlasting Monument and a Paragon of Leading Cadres—Kong Fansen" will be published at the end of April. The book contains circulars issued by the Organization Department and Propaganda Department of the CPC Central Committee on conducting activities to emulate Comrade Kong Fansen, a TARPC decision on conducting activities to learn from him, articles by TARPC leading comrades commemorating him, and reports given by Tibet's Kong Fansen deeds-report-group in Shandong and Beijing.

The circular called on all areas to do a good job in publishing the book and to conscientiously organize cadres and party members to study it. (Lhasa Tibet Television Network in Mandarin 1200 GMT 26 Apr 95)

**Beijing Young Journalists Association Holds Forum on Emulating Kong Fansen**—The Beijing Young Journalists Association, the Beijing Municipal Committee of the Communist Youth League [CYL], and the CYL Committee of the Beijing Urban Construction Group recently invited some young journalists, editors, and representatives of youths in the capital to a discussion meeting on emulating Kong Fansen. (Beijing XINHUA Domestic Service in Chinese 0723 GMT 27 Apr 95)

**Three PLA General Departments Hold Kong Fansen Deeds-Report Meeting**—The General Staff Department, General Political Department, and General Logistics Department of the People's Liberation Army [PLA] jointly held a Kong Fansen deeds-report meeting in Beijing on 27 April. Among those who gave reports at the meeting was TARPG Vice Chairman Cering Zhuoga. Yu Yongbo, member of the Central Military Commission [CMC] and director of the General Political Department, spoke at the meeting. He said: Conducting activities to emulate Comrade Kong Fansen among all army units has very important significance for implementing the guidelines of the Fourth Plenary Session of the 14th CPC Central Committee and the enlarged meeting of the CMC, carrying forward the fine traditions of our party and army, strengthening the ideological and political building among army units and particularly the building of leading groups at all levels, resisting the corrosion of decadent ideology and culture, and enhancing army units' cohesion and combat effectiveness. Comrades of the whole army and, in particular, leading cadres who are party members must conscientiously look upon Comrade Kong Fansen as an example; be revolutionary soldiers who "have lofty ideals, moral integrity, a good education, and a strong sense of discipline"; and be good party cadres. He stressed: Party committees and political organs at all levels must treat the conducting of activities to emulate Comrade Kong Fansen as an important task for strengthening the ideological and political building among army units and conduct such activities in conjunction with the study of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, with the CMC's "Decision on Strengthening Party Building in Army Units," and with the emulation of Lei Feng, Su Ning, Xu Honggang, and advanced models of each army unit in a bid to guide the vast numbers of officers and men to firmly bear in mind the purpose of our army; conscientiously resist the influence of money worship; individualism; and decadent ways of life; and maintain political steadfastness as well as ideological and moral purity. (Beijing XINHUA Domestic Service in Chinese 1125 GMT 27 Apr 95)

**Xinjiang Military District Holds Meeting on Emulating Kong Fansen**—A three-day discussion meeting of secretaries of party committees of the Xinjiang Military



District [XMD] ended on 15 April. The meeting studied Kong Fansen's exemplary deeds and required XMD units to conduct widespread activities to emulate Comrade Kong Fansen. XMD Political Department Deputy Director Yao Tieshan made specific arrangement for army units to conduct such activities. Fu Bingyao, deputy commander of the Lanzhou Military Region [LMR] and concurrently commander of the XMD, called on party committees and leading cadres at all levels to intensify study of theories and firmly foster the thinking of serving the party and the people like Kong Fansen had done. He required them to set an example of maintaining high standards, emancipating the mind, seeking truth from facts, living up to the spirit of plain living and hard struggle, making selfless contributions to serve the people wholeheartedly, working industriously in a down-to-earth manner, and faithfully doing one's duties. Pan Zhaomin, deputy political commissar of the LMR and concurrently political commissar of the XMD, expressed his views on how leading cadres can become cadres like Kong Fansen. (Urumqi XINJIANG RIBAO in Chinese 16 Apr 95 p 1)

#### **XINHUA Reports on Nationwide May Day Celebrations**

OW0105142495 Beijing XINHUA in English 1359  
GMT 1 May 95

[FBIS Transcribed Text] Beijing, May 1 (XINHUA)—People in China's town and country today held various activities to mark May 1 International Labor Day.

In Beijing, more than 3,000 model and advanced workers from across the country plunged themselves into streams of people, ascending the rostrum of Tiananmen and visiting the Great Hall of the People. Even more residents in the capital enjoyed themselves in urban parks and suburban scenic spots.

In Shanghai, singing, opera and poem reciting competitions and other cultural activities in more than 30 worker's clubs attracted a dozen of thousands local residents. [sentence as received]

Meanwhile in Tianjin, where the opening ceremony of the 43rd World Table Tennis Championships was held this evening, more than 10,000 model and advanced workers of the city took part in the gala- celebrations. In workers' clubs, opera and magic performances, singing and dancing drew large audiences. Exhibitions on the urban construction development of the city also attracted a great number of visitors.

In Guangzhou, the capital city of south China's Guangdong Province, a dozen of thousands of people gathered in the Cultural Park celebrating the labor day. More than 1,000 workers sang in the chorus, followed by other performances including dancing, fashion shows and body-building exercises. Photographic and painting and calligraphical exhibitions also drew numerous viewers.

In Wuhan, capital city of central China's Hubei Province, a symphony concert was held in the Huanghelou Square (The Yellow Crane Tower Square), the biggest of its kind ever held in the city.

In Harbin, capital city of northeast China's Helongjiang Province, more than 200 surplus workers laid off from enterprises offered customers their first day service free of charge after receiving professional training.

In Nanjing, east China's Jiangsu Province, and Chengdu, southwest China's Sichuan Province and many other cities in the country, people spent the holiday taking part in various kinds of cultural activities and entertainment.

In Lhasa, activities were held to mark the 70th founding anniversary of the All-China Federation of Trade Unions and to commend the country's model workers.

#### **Commentary Greet International Labor Day**

HK0205072895 Beijing CHINA DAILY in English 1  
May 95 p 4

["China Daily Commentary": "Labour Day"]

[FBIS Transcribed Text] Today is International Labour Day. Chinese working people of all ethnic groups celebrate their own holiday this year with added enthusiasm and joy.

With reforms deepening and the economy booming, life for the overwhelming majority of working people throughout the country steadily improves. The prospect exists of a still more prosperous life ahead. This is one of the reasons why workers joyfully greet their own holiday.

Meanwhile, a grand meeting continues in the capital city of Beijing where the more than 2,800 best representatives of China's working class are receiving State commendations.

All of them at their various jobs have contributed greatly to the nation's socialist construction and economic development. Now they are being accorded the thanks and honours they richly deserve.

The fact that our country has made tremendous progress and common peoples' lives have remarkably improved should be largely credited to people like them. They are rightly called the backbone of the present China.

Wholeheartedly relying on working people consistently has been a basic Party and government guideline. While instituting reforms, opening further to the outside world and developing the socialist market economy, we are bound to come across new things and new problems. However, under any circumstances, working people will maintain their status as masters of our country; the Party and the government will continue to firmly rely on the working class.

This will only accelerate economic development and benefit social stability.



Today also marks the 70th anniversary of the birth of the All-China Federation of Trade Unions (ACFTU). For 70 years, China's trade unions have been mass organizations under the leadership of the Party, playing the role of a bridge and link between the Party and the staff and workers of various trades. They have most staunchly championed workers' interests.

In setting up socialist market economy, trade unions have a more arduous task to perform. They must show greater concern for workers' well-being, safeguarding their democratic rights and material welfare. They should help them resolve their problems and difficulties and reflect their wishes and demands. They have a great role to play and they are expected to play it well to help further boost the economy, consolidate social stability and strengthen unity among the people.

This year will witness the successful conclusion of the Eighth Five-Year (1991-1995) Development Plan of the National Economy and the preparation for the launch of the ninth. Working people throughout the country are expected to work with renewed enthusiasm to fulfill this year's tasks on schedule.

#### **RENMIN RIBAO Editorial on Model Workers**

*OW2804150995 Beijing XINHUA in English 1439 GMT 28 Apr 95*

[FBIS Transcribed Text] Beijing, April 28 (XINHUA)—The PEOPLE's DAILY [RENMIN RIBAO], China's official newspaper, is to carry an editorial tomorrow hailing the opening of a meeting at which national model workers and pace-setters will be praised.

The editorial praises the model workers and pace-setters as being the backbone of China today and outstanding representatives of the working class and laboring people.

The last national meeting of this kind was held in 1989.

A fundamental principle of the Chinese Communist Party and the government is that of relying on the working class wholeheartedly, according to the editorial.

Although many new issues may arise during the period of increasing reforms, and opening-up and developing a socialist market economy, neither the primary position of the working class in state affairs nor the Party and government's principle of relying on the working class will be changed, it went on to say.

It also said that the working class should be fully aware of its historical responsibility and stand at the forefront of the reforms and opening-up.

The working class and masses of people must not lose sight of the benefits the reforms can bring them, and must foresee the costs and difficulties they will meet in the course of the reforms, it said.

They should firmly support the Party and the government in the reform measures and policies, and make a greater contribution to the reforms, it added.

In order to revitalize state-owned enterprises, it is the only possible way to transform their operational mechanism and to build a modern enterprise system gradually, the editorial explained. But, it added, it is also a difficult path to explore, and one that has no ready answers, so the masses of workers should be active in supporting the reform of enterprises.

This year will see the 70th anniversary of the founding of the All-China Federation of Trade Unions, it noted, adding that trade unions at all levels should continue their efforts to carry on their fine traditions while developing a socialist market economy.

Trade unions should take better care of the workers, to safeguard their rights in labor, material gains, and democratic rights, the editorial concluded.

#### **CCDI Notes Shanxi Cadres' Car Auction**

*HK0105144395 Beijing XINHUA Domestic Service in Chinese 1257 GMT 19 Apr 95*

[FBIS Translated Text] Beijing, 19 Apr (XINHUA)—The CPC Central Commission for Discipline Inspection [CCDI] recently transmitted to the lower levels the Shanxi Provincial Discipline Inspection Commission's circular regarding the "auction of sedans used by leading cadres of the Xixian and Fenxi Mining Bureaus in support of production."

The CCDI's circular pointed out: Since the Second Plenary Session of the CCDI, the central authorities have set a series of concrete demands on the leading cadres in the party and government organs at and above county (section) level. In light of these demands, leading cadres in various departments and localities have attained certain results after conducting self-examination and self-rectification in a conscientious manner. A prominent example was that the leading cadres in Shanxi's Xixian and Fenxi Mining Bureaus took the lead in selling their sedans by public auction, and used the money to help develop production in enterprises with financial difficulties so that they were brought back to life from the brink of collapse. They have set a good example to others with their actions in their honest performance and self-discipline.

The circular pointed out: The boldness of the Xixian and Fenxi Mining Bureau leaders in taking practical action to sell their cars is where lies the crux of leading cadres' honesty and self-discipline. It is also a gratifying result scored in the building of party style and clean administration. The funds obtained from the public bidding were used to support production in enterprises. In this way, they have appropriately resolved the problem of screening the improper use of cars, about which the masses were concerned; prevented the waste of funds if the cars were sealed up for a long time; and helped enterprises avoid their fate of being closed down. Through their own actions, the relations between the party and the masses, and between the cadres and the

masses were further strengthened, which has aroused people's enthusiasm in production and their spirit to forge ahead, thereby creating a new atmosphere of hard struggle and the rejuvenation of enterprises, as well as promoting economic development through the concerted efforts of the masses and cadres. This practice merits our study and assimilation.

The circular called on leading cadres in various departments and localities to set a good example in terms of honesty and self-discipline, just as the leaders of Xixian and Fenxi Mining Bureaus have done, to push forward the anticorruption work in their own departments and localities with practical actions, and to make this an important guarantee for bringing about healthy economic growth.

For its part, the circular issued by the CPC Shanxi Provincial Discipline Inspection Commission said: Xixian County is one of the poverty stricken counties in the province, as well as in the country. Last February, the county party committee and government seriously implemented the guidelines of the central authorities and the provincial party committee with regard to leading cadres' honest performance and self-discipline, under which the principal leading cadres and their high-grade sedans became the first "targets of attack" in the campaign to earnestly rectify the tendency of leading cadres' competing with one another in using sedans regardless of financial resources. During the county meeting participated in by cadres at three levels, Comrade Wang Zhicheng, Xixian's county chief, took the lead in selling off his Santana sedan and using a "212" jeep instead. Motivated by the action of Comrade Wang Zhicheng, quite a few leading cadres from the departments and units directly subordinate to the county authority expressed one after another their intention of selling off the sedans they were using. With the approval of the standing committee of the county party committee, it was decided that 12 cars (comprising eight "Santanas," two "213," one "Volka," and one "2020") should be sold by public auction first, three be sealed up, and nine be handed over to the county party committee and government for unified deployment and use. So far, seven cars have been auctioned off, and five are under negotiation. The proceeds, totaling 800,000 yuan, were entirely used as circulating funds for a power plant, a winery, and a ferroalloy factory, thus revitalizing these pillar enterprises. According to calculations, after all the above 12 cars are sold, the outlay of over 300,000 yuan will be saved per year.

The Fenxi Mining Bureau is one of the six major coal mines under unified central planning. Since the start of this year, in line with the central guidelines calling for honest performance and self-discipline by leading cadres, the bureau's newly appointed party and administrative leaders have proceeded from the actual conditions of the enterprises with meager economic results, seriously rectified the style of indulging in luxury and extravagance in indigent units, conscientiously screened

the above-norm sedans used by the leading cadres of the bureau, and made a decision to sell by public auction nine luxury sedans, including such brands as Benz 300, Crown 3.0, Cedric, Bluebird, Toyota, and so on. The decision was adopted unanimously by the third session of the 12th workers' representative conference. At present, four of them have been sold, another four are being negotiated for auction, and one has been confined to the exclusive use of veteran cadres. The proceeds of 1.5 million yuan have been totally used in production or injected into safety facilities.

#### **Crime and Punishment in PRC for 18 Apr-1 May** *HK0105100095*

[FBIS Editorial Report] The following is a compilation of reports on crime, investigations, trials, sentencings, and other judicial-related activities in the PRC monitored during the period 18 April to 1 May. The source and mode of processing are given in parentheses at the end of each entry. Certain reports deemed more significant may have been filed separately, in which case the summary will include the serial number of the separately filed item.

As evidenced by the stories listed below, during this period PRC crime reportage focused overwhelmingly on the subject of corruption, investigations into which have led to the suicides of two senior officials: Beijing Vice Mayor Wang Baosen and former Guizhou party Secretary Liu Zhengwei.

#### **NATIONAL**

##### **Beijing Party Chief Toppled in Corruption Probe**

Beijing party committee Secretary Chen Xitong resigned this week over his "unshirkable responsibilities" for the case of Beijing Vice Mayor Wang Baosen, who killed himself on 4 April in the face of an "imminent investigation into economic irregularities and crimes." (Beijing XINHUA in English 1808 GMT 27 Apr 95—OW2704181995) Chen is now said to be under house arrest (Hong Kong AFP in English 1018 GMT 28 Apr 95—HK2804102995), or possibly under detention in the seaside resort of Beidaihe (Hong Kong EASTERN EXPRESS in English 28 Apr 95 p 1—HK2804053095). Chen's detention follows months of scandal in Beijing which have witnessed the resignation or detention of more than 60 officials in the city's party and government apparatus. The specific nature of the charges against Chen remains unclear, though it is thought they are linked with the property development activities of his son, Chen Xiaotong, among other issues. (Hong Kong EASTERN EXPRESS in English 28 Apr 95 p 7—HK2804053295). Beijing Government sources say it is difficult to see an end to the current round of corruption investigations because so many things are coming to light that it is difficult to determine the relationships among the various cases. One source said the late Wang Baosen would have been executed if found guilty of the

charges against him. (Hong Kong SOUTH CHINA MORNING POST in English 29 Apr 95 p 7—HK2904061495) Some expect Beijing Mayor Li Qiyang and other senior municipal officials to be toppled in the next few days in the wake of the Chen-Wang debacle (Hong Kong SOUTH CHINA MORNING POST in English 29 Apr 95 pp 1,7—HK2904060595), while others believe that Li will survive the upheaval, though Vice Mayor Zhang Baifa is thought to be in imminent danger of detention (Hong Kong EASTERN EXPRESS in English 28 Apr 95 p 7—HK2804053295). Political considerations aside, Discipline Inspection Commission chief Wei Jianxing, who has been appointed in Chen's place, is seen as above suspicion of "local protectionist views" as he sets about rectifying the Beijing leadership, which is believed to have lost some 60 officials to the anticorruption campaign. (Hong Kong EASTERN EXPRESS in English 28 Apr 95 p 7—HK2804053695) (Summary)

#### **Second Senior Official Commits Suicide Over Corruption Probes**

Former Guizhou party Secretary Liu Zhengwei committed suicide two weeks ago while under investigation for corruption. At the time of his death Liu, 65, was executive deputy secretary of the CPC State Organs Work Committee, a post to which he was moved in 1993, after his family had come under investigation for corruption. Liu reportedly was distraught over his wife, Yan Jianhong's execution in January following her conviction for massive fraud and bribe-taking. Liu's son also was implicated in the case. Liu is said to have killed himself on board a train from Beijing to Guiyang. (Summary) (Hong Kong EASTERN EXPRESS in English 1 May 95 p 1—HK0105054795) According to another report, Liu jumped from the window of his high-rise apartment in Beijing in late April. Liu's eldest son, (Liu Bo) is wanted in China in connection with his mother's case, but he lives abroad, and does property business in Hong Kong and the United States. (Summary) (Hong Kong RTHK Radio 4 in English 0500 GMT 1 May 95)

#### **Customs Seizes 916 kg of Drugs Since 1991**

Since 1991, the customs departments throughout the country have seized 916 kg of drugs, as well as 52 tonnes of chemicals used to make drugs. Kunming's customs department recently solved two major drug-trafficking cases, and seized a total of 128.8 kg of heroin. Since 1993, Kunming's customs department has cracked 77 drug-related cases and seized 302 kg of drugs. Since 1991, 18 customs departments in such cities as Kunming, Nanning, Lhasa, Beijing, Shanghai, and Changchun have solved drug-trafficking cases, while drug traffickers have resorted to more sophisticated methods, such as using international parcels and containers to smuggle drugs. The General Administration of Customs already has issued rapid drug test tubes to customs departments in various localities so as to facilitate their work. (Summary) (Beijing FAZHI RIBAO in Chinese 12 Apr 95 p 2)

#### **Border Patrol Seizes Counterfeit Yuan From Taiwan Fishermen**

According to information from the Public Security Ministry's Border Defense Bureau, on 6 April, patrol boats off the Shantou coast seized 30 million counterfeit yuan from a Taiwan fishing boat, and detained three Taiwan fishermen. The Taiwan boat was spotted by the radar of the patrol boat Gongbian D4433 at 2100. The Gongbian D4433 and the nearby Gongbian D4436 rushed full-steam to the Taiwan boat, and found that the crew was trying to contact some unlawful elements on the mainland in order to hand over the counterfeit money. Seeing the fast-approaching patrol boats, the Taiwan crew threw the counterfeit banknotes to the sea, but the Gongbian D4433 drew alongside, and its officers and men boarded the Taiwan boat and overwhelmed the crew. They then salvaged all the counterfeit money from the sea. (Summary) (Beijing FAZHI RIBAO in Chinese 13 Apr 95 p 3)

#### **Customs Department Handles 54,000 Tax Evasion Cases in 1994**

In the past seven years, China's customs department have handled 230,000 cases of tax evasion, and have recovered 6.6 billion yuan. Some 54,000 cases were handled in 1994 alone, and some 1.88 billion yuan of tax were recovered. The Chinese Customs Tariff Work Conference, currently being held in Beijing, has vowed to step up measures to prevent tax evasion. (Summary) (Beijing ZHONGGUO XINWEN SHE 1119 GMT 18 Apr 95)

#### **Chief Procurator Vows To Fight Graft at High Levels**

Beijing, April 20 (CNS)—The Chinese government is determined to combat corruption and will take every effort to severely crack down cases involving senior officials in particular, said Zhang Siqing, Chief Procurator of People's Supreme Procuratorate of China at an open ceremony to commend outstanding personnel who have done well in law-enforcement. Zhang said great achievements have been made in anticorruption campaigns and prosecutors are now aiming at corruption activities which involve senior cadres at the higher level. He added that the deeper they (the prosecutors) probe into the corruption activities, the more problems, more complicated cases and more fierce struggle will there be. Zhang strongly emphasized that procuratorates will show no mercy towards corruption activities that happen within party, government bureaus, administrative law enforcement departments, judicial organs and departments responsible for economic affairs, especially cases involving senior cadres. (Transcribed Text) (Beijing ZHONGGUO XINWEN SHE in English 0901 GMT 20 Apr 95)

#### **Shenzhen Arrests Fugitive Wanted in Hong Kong**

On 19 April, Shenzhen Police obtained clues that a man wanted in Hong Kong was hiding in Gongming Township, Shenzhen. In the afternoon, they found the village



where he was hiding and arrested him. The man is suspected of involvement in the robbery of a Hong Kong jewelry store, and had hidden for two years and five months. The case now is being investigated, and the man soon will be turned over to Hong Kong. (Summary) (Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1224 GMT 21 Apr 95)

#### **Public Security Organs Step Up Spring Crackdown on Crime**

Since launching the "Spring Crackdown," public security organs in various localities have solved a large number of criminal cases, smashed large numbers of criminal gangs, arrested many criminals, and straightened out order in marketplaces and public sites. According to incomplete March statistics for 13 provinces, 27,687 major criminal cases have been solved, 6,374 criminal gangs broken up, and 3,845 runaway criminals arrested. (Summary) (Beijing FAZHI RIBAO in Chinese 23 Apr 95 p 1)

#### **Hong Kong Swindler Arrested in Zhuhai**

Guangzhou, April 25 (CNS)—Police at the Zhuhai border checkpoint captured a Hong Kong person suspected of committing fraud of HK\$ 14 million in Guangdong's Nanhai City. Border checkpoint officials uncovered the identity of the suspect called by his surname So on April 23 when they found out during the departure procedure that the number of the Hong Kong identity card held by the man using a false given name was similar to that of the suspect wanted by the Nanhai public security department for a serious swindle case. The man then had his home-visit document seized and was asked to go the duty office for further interrogation. Instead of following the instruction, the man immediately ran away from the office and then was chased by a group of border policemen. He was finally arrested. Following the capture the man was confirmed as the very wanted man by the Nanhai public security department. He was accused of cheating ten enterprises of some HK\$ 14 million on several occasions under the disguise of being a Hong Kong investor. After the exposure of his crime, he went into hiding. In the wake of hideout for several months he supposed that he could make use a heavy flow of passengers for departure. He then made an attempt to depart but fail to pass the border checkpoint. He was later handed over to the Nanhai public security department. (Transcribed Text) (Beijing ZHONGGUO XINWEN SHE in English 1251 GMT 25 Apr 95)

#### **Customs Solves 218 Key Smuggling Cases in First Quarter**

Beijing, April 27 (CNS)—China's customs strengthened their blow against smuggling activities and exposed 218 smuggling cases and seized over 300,000 yuan. The money involved in these cases amounts to 1.67 billion yuan. 28 of the cases involved more than 10 million yuan and three were extraordinarily serious cases, each involving more than 100 million yuan with a total of

1.18 billion yuan alone. China's customs strengthened supervision over the processing trade in bonded areas, with emphasis placed on smuggling activities involving fake documents, seals and signatures. In the first quarter of this year, there were 101 key smuggling cases in the bonded areas totalling 1.3 billion yuan, in which both Shanghai and Tianjin customs uncovered illegal purchases of rape oil and wool worth more than 100 million yuan. Guangzhou Customs and police tracked down illegal sales of 85,000 tonnes of sugar valued at 370 million yuan in late March of bonded origin. The above smuggling activities were the main targets of China's customs. In the first quarter of this year, customs hauled 55,000 tonnes of edible oil, 21,000 tonnes of refined oil, 11,000 tonnes of steel products, 11,000 cubic metres of plywood, 15,000 sets of air-conditioners, 15,000 tonnes of textile raw materials, 1,600 cars and accessories and 32,000 cartons of cigarettes. (Transcribed Text) (Beijing ZHONGGUO XINWEN SHE in English 1259 GMT 27 Apr 95)

#### **Revival of Clans Threatens Rural Authority**

Beijing has issued a nationwide warning against the revival of "feudalistic clans" which are undermining the authority of the party in the countryside. Some clans have become so powerful they have refused to pay taxes or implement family planning measures. In some remote areas, cadres—even police officers—have become active clan members. In areas having more than one prominent clan, fights over territory or committee positions often degenerate into bloody battles. Many villagers are said to turn to clan organizations instead of the police or the courts for the settlement of disputes. (Summary) (Hong Kong SOUTH CHINA MORNING POST in English 28 Apr 95 p 7—HK2804074095)

#### **Amnesty International Reports on Executions**

A report by the London-based Amnesty International says that at least 2,496 people in China received death sentences, and 1,791 were executed last year. The report indicated that this figure is probably low, owing to the secrecy surrounding death penalty cases. Death sentences imposed for misdemeanors and nonviolent crimes rose in 1994, while the number of those executed for corruption rose "dramatically." Amnesty also denounced the practice of taking the condemned before public sentencing rallies, as well as the removal of organs from those executed without their prior consent. (Summary) (Hong Kong AFP in English 0859 GMT 29 Apr 95)

### **PROVINCIAL**

#### **ANHUI**

#### **Department Head Arrested for Taking Bribes**

On 29 August 1994, He Weigao, head of the Promotion and Education Department of the Anhui Provincial Federation for the Disabled, was arrested by the Hefei

Procuratorate on corruption charges. It was found that He Weigao had sought and accepted nearly 80,000 yuan in bribes from various units, and from leaders of a disaster-stricken town in the wake of the 1991 floods in Anhui. (Summary) (Beijing ZHONGGUO JIJIAN JIANCHA BAO 12 Apr 95 p 1)

### FUJIAN

#### Fujian Smashes Taiwan Drug-Trafficking Gang

On 19 February, the Fujian Public Security Department smashed a drug-trafficking ring in Fuzhou, seizing five kilograms of "ice," and arresting three Taiwanese traffickers: Wang Zhengjun, Cai Keren, and Lin Zhengnan. (Summary) (Beijing XINHUA Hong Kong Service in Chinese 0503 GMT 3 Apr 95)

#### Fuzhou Anticrime Campaign Achieves Result

In the spring anticrime campaign, the Fuzhou public security organs once again mobilized and organized anticrime actions among foreign-funded enterprises and peripheral areas in order to maintain law and order, and to resolve problems harassing foreign-funded enterprises. In the past months, 240 criminal cases that occurred in foreign-funded enterprises in the city and its environs were solved in the crackdown campaign, 146 criminals were arrested, and 23 criminal gangs harassing foreign-funded enterprises were smashed. The anticrime action also retrieved 580,000 yuan of stolen money and property for the foreign-funded enterprises, thus creating a better investment environment. (Translated Text) (Fuzhou Fujian People's Radio Network in Mandarin 2300 GMT 16 Apr 95)

#### Bus Robbers Arrested in Fujian

Zhangzhou public security personnel and armed police joined forces to suppress a gang that specialized in robbing bus passengers. From September to November 1994, a dozen robberies took place on State Highway 324 in Shaoan County, which is close to east Guangdong. One passenger was killed, five others were hurt, in these robberies, and 600,000 yuan worth of belongings were taken. The three principal culprits now have been arrested, and safety has returned to this section of the highway. (Summary) (Beijing FAZHI RIBAO in Chinese 16 Apr 95, p 2)

#### 13 Officials Prosecuted on Corruption Charges

Fuzhou, April 20 (CNS)—Thirteen economic criminals including the former mayor of Shaowu City, Zhou Yusheng were recently arrested and prosecuted by Fujian procuratorial organs. The Fujian procuratorate made public the arrest of nine suspects including Zhou who was also vice secretary of the Shaowu Party committee. He was accused of abusing his power to accept a large bribe in exchange for offering a construction project. The former deputy director of the bureau of land reclamation under the provincial department of agriculture, Zhu Chunsheng was arrested for corruption charges

while the former principal of a Xiamen commercial school and secretary of the school's party committee, Chen Liangjian was arrested for bribe taking. The arrest also covered the ex-principal of a Sanming technical school and secretary of the school's party committee, Huang Ergui who was accused of accepting bribes when he was responsible for basic construction work on the school and purchasing computers. Five others persons working in financial entities were apprehended for corruption and embezzlement of public funds. The director of the science and technology commission in Ningde Prefecture, Zong Guangrong was prosecuted for graft and abusing public funds. Two bank officials and another man in charge of financial affairs for an enterprise were also under prosecution on charges of corruption and embezzlement of public funds. Procuratorial organs of various levels across Fujian have since the beginning of this year reinforced anti-corruption measures. Cases of serious economic crimes dealt by procuratorial organs had greatly increased. There were 524 economic cases handled during the first quarter of the year, of which 400 were big cases and 13 were very serious. Noticeable progress was also made in checking corrupt conduct by law enforcement officials who were involved in 16 corruption cases which surpassed the total cases of such kind dealt with last year. (Transcribed Text) (Beijing ZHONGGUO XINWEN SHE in English 1022 GMT 20 Apr 95)

#### Fuzhou Passes Sentence on Economic Criminals

The provincial higher people's court recently passed sentence on 10 major economic criminals, among them (Zhang Chunpei), former deputy director of (Shoushan) Office of Pingnan City Branch of the Agricultural Bank of China, who embezzled 338,000 yuan. (Zhang) was executed in Pingnan County on 25 April. Also sentenced was (Chen Yongjin), a former accountant at the (Zhima) Office of the Guangze County Branch of the Agricultural Bank of China, who embezzled 197,000 yuan by submitting false bills and receipts. He was sentenced to death with a two-year suspension, as was (Dong Zhirong), former staff member at the Longhai City Posts and Telecommunications Bureau, who embezzled 320,000 yuan of public funds. (Summary) (Fuzhou Fujian People's Radio Network in Mandarin 2300 GMT 25 Apr 95)

#### Former High Jump World Record-Holder Jailed for Graft

Fuzhou, April 25 (CNS)—Ni Zhiqin, China's veteran high jump star who had maintained the world record of the men's high jump event for 13 years, has been sentenced to eight years' imprisonment by Fuzhou Municipal People's Intermediary Court after he was convicted of receiving a bribe of 57,000 yuan. Prior to his arrest, Ni held the post of assistant secretary of the Fujian Provincial Sports Committee. He was found to have received a bribe of 57,000 yuan from a leather goods company in 1991 when he was the assistant. According to a court source, Ni should have received a

harsher sentence in view of the huge sum of corrupt money involved. Yet owing to various mitigating factors and Ni's cooperation with the prosecution while in custody, Ni was given a lenient sentence. Ni was born in Quanzhou, Fujian Province in 1942. After receiving training in athletics at junior level, he was called to the national long jump squad in 1959 when he was 17. Then in 1961 when Ni first broke the national record by achieving 2.10 metres at the age of 21, his colourful career as an athlete was often linked with gold medals and setting new records. He has set the men's national long jump records on 13 occasions, and his best record had been kept for 22 years before it was broken. In 1970, Ni again broke the world record that had been maintained by a Soviet athlete for eight years by jumping over 2.29 metres at Changsha, Hunan Province in 1970. In the subsequent 13 years, no one had managed to jump over this level. In 1987, he was presented "The Best Athlete Award in 75 Years" and received the winner's medal as well as the certificate from J.A. Samaranch, chairman of the International Olympic Committee. Ni has not yet lodged an appeal in wake of the sentence by the court. (Transcribed Text) (Beijing ZHONGGUO XINWEN SHE in English 0944 GMT 25 Apr 95)

#### **Sixteen Criminals Executed in Fuzhou**

Fuzhou, April 26 (CNS)—Sixteen criminals convicted of serious charges on deliberate murder, robbery, kidnapping and blackmail were executed in Fuzhou this morning. The Fuzhou Intermediate People's Court gave sentences to 34 criminals in 14 cases involving murder, robbery, rape, theft, deliberate injury, kidnapping and blackmail. Apart from the 16 who were sentenced to death, other defendants were given various kinds of sentences ranging from suspended death penalty, life imprisonment to jail terms. One of the criminals sentenced to death was a man called Lin Dong who committed deliberate murder and robbery in the municipality last month when he robbed a taxi driver of cash and then stabbed him who was seriously wounded. Lin resisted arrest stubbornly in a round-up by the public. He killed a person and wounded another before he was overcome at last. Two other criminals were found guilty of charges on raping three women using anesthetic drugs during a period between 1991 and May last year. They robbed the victims of personal property. One of the two convicts was also charged with pretending a public security official to cheat several women of their ornaments and motorcycles. They were sentenced to death by the court. (Transcribed Text) (Beijing ZHONGGUO XINWEN SHE in English 0941 GMT 26 Apr 95)

#### **Bank Clerk Tried for Embezzlement**

Chen Zhenmin, a clerk of the Financial and Accounting Department at the Xiamen Branch of the Bank of Communications, is suspected of embezzling a large amount of public funds, and he was arrested a few days ago. Taking the advantage of his work in charge of check clearing, 25-year-old Chen twice credited public funds

totalling 5.8 million yuan into a current account in the name of Chen Shengli at the Haikou Office of the Fujian Industrial Bank, Xiamen Branch. With this money, he engaged in profit-making activities. The case currently is being tried by Xiamen's Siming District People's Procuratorate. (Summary) (Beijing ZHONGGUO XINWEN SHE in Chinese 1116 GMT 27 Apr 95)

### **GUANGDONG**

#### **Guangzhou Clears Wrongly Accused Cadres**

In the past year, discipline inspection and supervision organs at various levels in Guangzhou have cleared more than 1,000 wrongly accused party members and cadres, based on an examination of the facts, thereby preventing many cases of wrongful or mistaken accusations, or of frame-ups. (Summary) (Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0645 GMT 16 Mar 95—HK1904142395)

#### **Zhanjiang Court Official Arrested for Corruption**

Xie Yongsheng, deputy head of the Second Economic Division of Guangdong's Zhanjiang Intermediate Court, was arrested on 31 March for bribe-taking and embezzlement. Earlier, the Zhanjiang Procuratorate had received reports about Xie's misappropriation of funds for speculation on the stock market. (Summary) (Beijing ZHONGGUO XINWEN SHE in Chinese 1158 GMT 2 Apr 95)

#### **Zengcheng Police Break Up Highway Robbery Gang**

The Guangdong city of Zengcheng recently had 12 highwaymen returned from Hunan. They had arrested six others earlier. On 20 March, police saw five persons robbing a driver on the Guangzhou-Shenzhen Expressway, and quickly found where they had hidden themselves. On 28 March, they arrested five robbers at the Guangzhou train station. Afterward, they arrested one more person, and seized knives, imitation guns, and other tools. Since February, the gang has robbed drivers 22 times, wounding eight, and robbing them of more than 200,000 yuan in cash and goods. Last month, police arrested 12 more robbers who had hidden themselves in Hunan. (Summary) (Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0849 GMT 8 Apr 95)

#### **Guangdong Anticorruption Fight Focuses on Senior Cadres**

Guangzhou, April 18 (CNS)—In a determined move to combat corruption, procuratorate bureaus in Guangdong Province have investigated corruption cases involving senior cadres which resulted in the probing of 11 bribery cases and 11 officials at county level or above, said Zhang Xuejun, Deputy Chief Procurator of the Guangdong People's Procuratorate and Director of Guangdong Provincial Anti-Corruption Bureau at a provincial anticorruption seminar yesterday. Since the beginning of 1995, various grades of procuratorate bureaus have, apart from dealing with serious corruption



cases, been keeping a close eye on Party and government bureaus, judicial bodies, administrative and law enforcement bodies, and departments responsible for economic affairs. Among the most notorious cases that have been detected and under investigation, include the corruption case of Zheng Jianping, former deputy governor of Boluo County detected by the Huizhou procuratorate; the graft and embezzlement of public funds carried out by Xie Yongsheng, former deputy judge of the economic affairs tribunal of the Zhanjiang Municipal People's Intermediary Court, perpetrated by the Zhanjiang procuratorate; and the bribery case of Ouyang De, former vice chairman of the Guangdong Provincial People's Congress as arraigned by the Guangdong Provincial Procuratorate, Dongguan Municipal Procuratorate and the People's Supreme Procuratorate of China. The prime task of anti-corruption operations in 1995 is detection of major corruption cases that involve senior officials at county level or above, said Zhang. For the quarter ending March 31, 1995, the total number of corruption and bribery cases detected was 514, involving 593 suspects. Numbers of cases and suspects have gone up significantly over the same period in 1994. (Transcribed Text) (Beijing ZHONGGUO XINWEN SHE in English 1134 GMT 18 Apr 95)

#### **Shenzhen Police Safeguard Public Order at Huangguang Checkpoint**

In the "spring anticrime campaign," Shenzhen police have organized six operational teams to safeguard law and order at the Huangguang Checkpoint. Up to 11 April, police have solved 12 criminal cases, arrested 19 culprits, and retrieved stolen money and property amounting to 1 million yuan. (Summary) (Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0816 GMT 19 Apr 95)

#### **17 Executed Following Huizhou Sentencing Meeting**

The Huicheng District People's Court in the city of Huizhou held a judgment-pronouncing meeting this morning to pass sentence on 50 convicts who were involved in eight serious criminal cases. These convicts were found guilty of the crimes of manslaughter, robbery, illegal munitions trading, possession and sale of stolen goods, and so on. Seventeen of them were sentenced to death and were executed immediately following the judgment-pronouncing meeting, while eight others were sentenced to death with probation. Of the 50 convicts, 47 were criminals from other provinces who had sneaked into Guangdong, travelled around, and committed crimes wherever they stopped. (Text) (Guangzhou Guangdong People's Radio Network in Mandarin 0400 GMT 22 Apr 95)

#### **Malaysian Detained, Deported for Credit Card Fraud**

On 17 February 1994, 26-year-old Yang Chi-chong from Kuala Lumpur used a VISA card that had been reported lost, to eat in a restaurant in Guangzhou's Beijing Hotel, spending 1,300 yuan. On 11 occasions between 23 April

and 22 June 1994, he used a false Mastercard at Guangzhou's Beijing Hotel, Jiangnan Hotel, Datong Restaurant, and White Swan Hotel, spending some 18,000 yuan. On 23 June 1994, when he tried to use a false credit card to buy clothes in the White Swan Hotel's shopping arcade, a staff member found something wrong and told security personnel, who grabbed Yang and handed him over to the police. The Guangzhou City Procuratorate filed a lawsuit against him in the city's intermediate people's court, and the Foreigners Entry and Exit Management Department of the Public Security Ministry informed the Malaysian Consulate General in Guangzhou. On 21 March 1995, Yang was sentenced to 10 months in jail (calculated from the date of his detention), and Yang was ordered deported following his imprisonment. On 23 April, he was escorted by police to Baiyun Airport and deported. (Summary) (Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0817 GMT 25 Apr 95)

#### **Guangdong Crime Rate Drops by 30 Percent in Wake of Crackdown**

According to the provincial public security department, in last year's "Winter Crackdown," police solved more than 30,000 criminal cases involving more than 110,000 persons, smashed more than 6,000 criminal gangs, combed 7,000 dens, seized 167 kg of heroin and 113 kilograms of opium, and disbanded over 40,000 girls offering sex services. Above all else, they punished some 1,500 criminals who controlled prostitution, gambling, and drug trafficking, and arrested 400 others. Since this year's "Spring Crackdown," police have conducted strict inspections in barber shops, beauty parlors, and karaoke ball rooms; banned 1,928 unlicensed sites; forced the closure of 2,100 places; and revoked the licenses of 467 shops. In the Spring Crackdown, Shenzhen solved 1,142 criminal cases, arrested more than 1,700 criminals, seized a large number of guns and ammunition, found 45 stolen cars and more than 100 motorbikes, and seized more than 30 million yuan in cash and goods. The authorities claim that the Spring Crackdown has caused the crime rate in Shatoujiao township to fall by 50 percent from the same period last year, and the rate in Shekou to fall by 27.7 percent. (Summary) (Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0705 GMT 26 Apr 95)

#### **Guangzhou Police Raid Hotels, Arrest Drug Traffickers**

Guangzhou, April 27 (CNS)—The provincial Government of Guangdong issued a ban on drug, effective on yesterday. In order to carry out the ban, the Police of Baiyun District, Guangzhou City, launched a raid last night. In less than five hours, the Police arrested 211 drug traffickers and seized a great deal of drugs. In the small hours of yesterday, over 150 policemen and security guards of Baiyun District assembled and awaited orders in the Sanyuanli Police Substation. Following a detailed plan of their leaders, the policemen and security guards rushed to five hotels, including the Chengbei

Hotel, the Fulihua Hotel and the Julong Hotel, where people from other provinces lived in compact communities. Most occupants of the Chengbei Hotel came from Xinjiang and some of them engaged in drug trafficking. When searching the hotel rooms, the policemen found small bags of heroin in a Zhonghua toothpaste package in Room 302. Eighty grams of heroin were uncovered among the pillows of two men and one woman in the Fulihua Hotel. In these five hotels alone, a total of 190-gram heroin and 45-gram marijuana were seized. (Transcribed Text) (Beijing ZHONGGUO XINWEN SHE in English 1344 GMT 27 Apr 95)

#### **Fake Border Certificates Seized in Guangzhou**

Guangzhou, April 28 (CNS)—Guangzhou City launched a blow against illegal trading of border certificates in the past few days, with more than 60 offenders arrested and over 500 fake border certificates seized. Meanwhile, public security organs of Guangzhou urged the general public to report about such unlawful practices. According to initial investigation, all the fake border certificates in the past few days had seals bearing the certificate-issuing institutions from outside the city. Most of the certificates entered the city from other provinces and were then offered for illegal trading after changing hands several times. Most people who engaged in the illegal trading of certificates came from places outside the city. (Transcribed Text) (Beijing ZHONGGUO XINWEN SHE in English 1234 GMT 28 Apr 95)

#### **More Than 100 Drug-Trafficking Cases Solved**

During the three days of the unified counternarcotics campaign, which was launched in Guangzhou beginning 24 April, more than 100 drug-related cases were ferreted out throughout the city, 32 drug trafficking gangs were smashed, and more than 1 kg of drugs and 520,000 yuan in drug money were seized. At the same time, 24 lawbreaking elements gave themselves up at public security organs. In Dongshan and Fangchun Districts, the public security sub-bureaus smashed some major drug-trafficking centers, arresting three drug-traffickers and 39 drug addicts, and seizing some heroin and morphine, as well as 480,000 yuan. (Summary) (Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0905 GMT 28 Apr 95)

#### **GUANGXI**

##### **General Inspection Uncovers "Discipline-Violating Funds"**

The region's general inspection of taxation, finance, and commodity prices was concluded at the end of March after discovering 650 million yuan of discipline-violating funds, which amounted to 10 percent of regional revenue. Evasion of value-added tax accounted for the largest portion of this amount, reaching 240 million yuan. Random cost quoting, reimbursement of fees at will, retention of state income, violation of the price law,

random collection of charges, random appropriations, violations of the expenditure standard set by the state, and unauthorized purchases of controlled commodities—to name a few—were the main problems detected by the general inspection. A total of 3,210 units and 1,258 persons received economic punishments, and three persons were transferred to the judicial organ for investigation. (Summary) (Beijing ZHONGGUO XINWEN SHE in Chinese 1145 GMT 18 Apr 95)

#### **HAINAN**

##### **Haikou Seizes Guns, Makes 122 Arrests**

According to Liang Huazhong, secretary of the Haikou City Political Science and Law Commission, since the "Spring Crackdown," Haikou police have solved 182 criminal cases, smashed 29 criminal gangs numbering 122 persons, and seized 26 guns. They also have handled 41 drug-related cases and arrested 236 drug addicts. Courts have passed sentence on 162 criminals, eight of whom were sentenced to death. (Summary) (Beijing ZHONGGUO XINWEN SHE in Chinese 1056 GMT 22 Apr 95)

##### **Five Sentenced to Death in Haikou**

Haikou, April 28 (CNS)—The Intermediate People's Court of Haikou City and the People's Court of Zhengdong District pronounced judgment yesterday morning over 15 criminal offenders, of whom 5 were sentenced to death according to law. While gambling in Dutou Village in the city on October 29, 1994 Fan Jianxin wrangled with Liu Jinsi, a worker from Sichuan and stabbed Liu in the thorax with a double-edged knife. Mr. Liu died on the spot. Fan was found guilty of murder and was therefore sentenced to death. Deng Xiuqun, on poor terms with her husband, splashed a mixture of sulphuric and nitric acid on her husband's face and thorax on June 24, 1994 while Mr. Deng was sleeping. Mr. Deng died in hospital after all attempts to treat him. Deng committed malicious assault and was condemned to death. Wang Jiafa, Wang Hua and Chen Xingjun involved in wanton robberies and theft were condemned to death. Du Zifu and Lin Si, also found guilty of charges of robbery, were also sentenced to death with a 2-year suspended sentence. 8 further criminals were handed various prison terms. (Transcribed Text) (Beijing ZHONGGUO XINWEN SHE in English 1319 GMT 28 Apr 95)

#### **JILIN**

##### **Ban on Massage Services by Attendants of Opposite Sex**

Beijing, April 18 (CNS)—Massage and personal escort services provided by attendants of the opposite sex available in public bathhouses, steam bathhouses, beauty and hairdressing parlours, guest houses, inns, vacation villages, night clubs, song and dance lounges, karaoke parlours, bars and music teahouses are now totally banned across Jilin Province and came into effect yesterday. The notice to ban such 'services', with an

approval of the Jilin Provincial Party Committee and the provincial government, has been jointly issued by the Comprehensive Administrative Committee of Jilin Province, provincial Public Security Department, Department of Culture, Administration of Industry and Commerce, Public Health Department, Labour Department and Supervision Department. It is aimed at curbing illegal activities including prostitution in the form of massage and escort services offered by attendants of the opposite sex. The notice stresses that business entities continuing to offer such services would have their business license revoked and their business suspended by the Administration of Industry and Commerce. They will also be subject to paying fines. Any illegal business revenue will also be confiscated while at the same time persons in charge of these business entities will receive both administrative and financial punishments. The department of public security will deal a heavy blow to prostitution and other pornographic activities under the disguise of the massage and accompanying service. Persons who either organize or give protection to such services as well as operators and those involved in such businesses will be brought to justice. Leading officials who are found to have been involved in such illegal businesses will be given administrative and Party disciplinary punishment while those found to have committed serious violation will be punished according to law. (Transcribed Text) (Beijing ZHONGGUO XINWEN SHE in English 1134 GMT 18 Apr 95)

#### SHAANXI

##### Two Sentenced to Death for Murder and Robbery

On 31 March, the Xian City Intermediate People's Court sentenced Zhou Ximin and Bai Junxie to death for murder and robbery. (Text) (Xian SHAANXI RIBAO in Chinese 1 Apr 95 p 1)

##### Xian's Achievements in Recent Crackdown on Crime

In a spring crackdown on crime in early February, Xian solved 1,353 criminal cases, arrested 881 lawbreakers, and seized 177,000 yuan in goods and cash. Moreover, they arrested a number of murderers, as well as 89 train and bus bandits. (Summary) (Beijing FAZHI RIBAO in Chinese 2 Apr 95 p 2)

#### SHANGHAI

##### Stock Dealer Jailed for Trading Error

Shanghai's Hongkou District Court has sentenced 24-year-old stock dealer Xu Hui to three years in jail for a stock trading error. According to Shanghai Securities News, the court held that Xu, who worked for the Guangdong Yuecai Trust and Investment Co., had neglected his duty on 26 January when he punched the wrong key on his computer, leading to his selling shares when he actually had been ordered to buy. The mistake cost his company 12.2 million yuan. Xu is appealing

against the judgment. (Summary) (Hong Kong AFP in English 0343 GMT 25 Apr 95)

##### Juvenile Sentenced for Embezzlement

According to an unnamed newspaper, a teenaged girl surnamed Wu was given a one-year suspended jail sentence for embezzling 594,000 yuan. Wu worked at the Shanghai branch of a Liaoning trust and investment company, where she used office money to help a dealer cover up some trading losses. The offense was discovered by Wu's parents, who asked her to surrender to the authorities. (Summary) (Hong Kong AFP in English 0859 GMT 25 Apr 95)

##### Illegal Emigration Plot Uncovered

Shanghai, April 27 (CNS)—The Hongqiao border checkpoint in Shanghai uncovered a plotted case of illegal emigration and 13 suspects were arrested for further interrogation. Border officers in the checkpoint found that several passengers who are holders of passport issued for working mission were suspected of being involved in illegal emigration when they carried out a check on a passenger plane during a stopover in the municipality which took off from Beijing and bound for the United States. By judging from strong rural accent shown by the passengers, the officers cast doubt on the identity of these holders of official passport because they were convinced that the passengers seemed not to be the original holders of such passport. The border checkpoint later detained another group of passengers under similar circumstances. Following initial examination, the border authorities found that the 13 passengers were involved in a well planned illegal emigration scheme. The group of persons who claimed to be government officials and go abroad on an inspection trip turned out to be peasants from Fujian Province. They bought the passport at a high price from the organizer of the illegal emigration scheme. The case is now under further investigation. (Transcribed Text) (Beijing ZHONGGUO XINWEN SHE in English 1259 GMT 27 Apr 95)

##### Students Sentenced for Stealing Cigarettes, Resisting Arrest

Shanghai's Jiading District Court has sentenced two schoolboys to 16 years and 18 years in jail for stealing cigarettes and beating up police, according to XINMIN WANBAO. Wang Haidang and a schoolmate identified only as Shen, both 17, stole a total of 1,700 packets of brand name cigarettes over a six month period and sold them in school. As they left a tobacconist shop on 8 January, they were stopped by police, who had been watching them. In the course of resisting arrest, the pair beat up the police officers. (Summary) (Hong Kong AFP in English 1059 GMT 27 Apr 95)

#### SHANXI

##### Cadres Punished for Illegally Seeking Higher Position

Recently, personnel changes were made in the leading posts in some counties under the authority of Yuncheng



prefecture. In order to benefit from the readjustment, Shao Mingshui, deputy chief of Jianxian County, went to call on Zhang Jizhao, deputy secretary of Yuncheng Prefectural CPC Committee, through the introduction of Li Jingfa, member of the standing committee of the Jianxian county party committee. They brought with them 10 cartons of cigarettes as a gift. Zhang Jizhao criticized this practice and asked them to take away the bribes. Later, when Zhang discovered that the cigarettes still had been left behind, he reported this to the commission for discipline inspection. The Yuncheng prefectural party committee decided to give Shao Mingshui a grave disciplinary warning within the party and to take administrative disciplinary measures against him by entering a record of demerit for him. For his part, Li Jingfa was given a disciplinary warning within the party. (Summary) (Beijing ZHONGGUO JIJIAN JIANCHA BAO in Chinese 22 Apr 95 p 2)

#### SICHUAN

##### Return of Misappropriated Funds, Goods Order

The Sichuan Provincial Discipline Inspection Commission issued an ultimatum the other day, ordering that enterprise funds and goods misappropriated by party and government organs be returned by the end of June. According to incomplete statistics, Sichuan has discovered more than 600 enterprise cars, motorbikes, and cellular telephones, as well as some 63 million yuan, over 900 square meters of property, and 398 persons have been misappropriated. Some 240 misappropriated goods, nearly 30 million yuan, and 395 persons already have been returned to enterprises. (Summary) (Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0934 GMT 2 Apr 94)

##### Chongqing Restaurants Mix Poppy Ingredients Into Food

Responding to rumors that some restaurant owners in Chongqing were putting poppy shells in the bottoms of hot pots to keep gourmets coming back, police recently carried out a surprise inspection of some 80 restaurants. They found varying quantities of poppy ingredients in the bottoms of the hot pots served by 50 percent of restaurants. Chongqing hot pots are famous for their stimulating, spicy, and hot effects, and are loved by Chinese and foreigners, but some restaurant owners, wanting to make more money, breached the drug prohibition law, which stipulates that "mixing poppy shells and seeds into food and drink is strictly prohibited." One of the restaurant owners confessed that he had been adding 0.5 kg of poppy to the bottoms of hot pots each month since this spring. In one of the random inspections, 3.2 kg of poppy were seized from six restaurants. A person in charge of the city's public security said that those who mixed poppy ingredients with food will face severe punishment, so as to safeguard the reputation of Chongqing hot pots and to protect the health of the public. (Summary) (Beijing FAZHI RIBAO in Chinese 13 Apr 95 p 1)

##### Death Sentence for Reselling VAT Receipts

On 18 April, the Chengdu City Intermediate People's Court sentenced Xu Gang to death and Duan Sihua to life imprisonment—both for reselling value-added tax receipts. Last year, Duan Sihua bought 125 valued-added tax receipts from the tax authorities, then illegally resold them to Xu Gang at a profit of over 20,000 yuan. Xu Gang then illegally resold the receipts to several people from the Chaoyang District of Guangdong at a profit of 120,000 yuan. In this way, they made a huge loss for the State. (Summary) (Chengdu SICHUAN RIBAO in Chinese 19 Apr 95 p 1)

#### XINJIANG

##### Two Alarming Corruption Cases Solved

Urumqi, April 18 (CNS)—Recently, Xinjiang Uygur Autonomous Region was hit by two very alarming corruption cases which involved huge amounts of money. It was revealed that Lian Minghui, formerly director of credit service department of the Xinjiang Agricultural Bank, was alleged between February 1992 and April 1993, to have received bribes and embezzled public funds through abuse of his official authority. He used illegally obtained earnings and money stolen from the bank, totalling 13.23 million yuan, to invest in an energy company and speculate in land deals. He also bought two villas and established a company for his mistress and provided her funds to speculate in the stock market. In a separate case, Rong Yingji, formerly director of the planning department of the Xinjiang branch of the Industrial and Commercial Bank and general manager of the Western China Regional Capital Market, was alleged, between the period of July 1992 and year-end of 1993, to have taken bribe and solicited an amount of 680,000 yuan and embezzled public funds which amounted to 30 million yuan for building ten luxury villas for his personal use. He also used the public fund money, without approval from the top management of the bank, for various types of investment activities which in the end resulted in financial losses of 70 million yuan. (Transcribed Text) (Beijing ZHONGGUO XINWEN SHE in English 1322 GMT 18 Apr 95)

##### Public Security Organs Maintain Social Order in 1994

Urumqi, April 20 (CNS)—In order to maintain law and social order, public security organs in Xinjiang Uygur Autonomous Region took strong measures to crack down criminal activities and discovered 58,874 criminal cases last year, effectively maintaining the social order in the region. In recent years, public security organs in the region have launched a number of special campaigns to fight against criminals to ensure a good social order there. They cracked down 23,162 criminal cases last year alone, of which 2,633 were serious ones. Most criminals were farmers, social idlers and criminals at large. There is a quicker growth in serious cases while the number of cases like stealing, robbery and defraud have been still high, severely endangering the society. A total of 42,862

cases endangering social order were heard last year, of which 35,712 or 83.3 percent were dealt with. (Transcribed Text) (Beijing ZHONGGUO XINWEN SHE in English 0827 GMT 20 Apr 95)

### YUNNAN

#### Border Counternarcotics Detachment Seizes Drugs

According to statistics, in 1994, Yunnan's Dehong Border Detachment seized 436.666 kilograms of heroin, 2,774.8 liang of opium, 41 guns, 58.6 tonnes of drug-making substances, as well as 564,500 yuan, 44,550 yuan in counterfeit currency, and a large quantity of pornographic and contraband goods. On 2 June last year, the Dehong Border Detachment, headed by Deputy Head Luo Yongzhou, arrested seven drug traffickers, seized 122 kg of heroin, two trucks used for drug-trafficking, and two hand grenades. Last July, they arrested another drug trafficker and seized 21 kg of heroin and 400,000 yuan. (Summary) (Beijing XINHUA Domestic Service in Chinese 1356 GMT 2 Apr 95)

#### Two Executed for Kunming Department Store Bombing

On 14 April, the Kunming City Intermediate People's Court handed down death penalties on Yuan Kaiquan and Song Xianwei, the two principal criminals who bombed the Kunming Department Store building on 14 January 1995. It was revealed that in order to cause chaos in the department store so they could grab money, the two criminals planted two time bombs there, one on the first floor and one on the second. At 1615 that day, the two bombs exploded, causing one death and 98 injuries, as well as tremendous damage to the building. Amid the chaos, Song Xianwei robbed 400 yuan, and they fled to Guangzhou. Police hunted them for two months, and finally arrested them in Guangzhou. The two criminals were escorted to the execution ground, where they were shot. (Summary) (Kunming YUNNAN RIBAO 15 Apr 95 p 1)

### ZHEJIANG

#### Zhejiang Arrests 12 for Economic Crimes

Since last April, the four chief and deputy procurators of the Zhejiang Provincial Procuratorate have received reporting visits by 281 persons, and thus have handled 130 cases of various types. Fifteen of these cases have been established as major economic crimes, and four cases involve leading cadres at the county or department level. In this connection, they have already arrested 12 persons and prosecuted 21. (Summary) (Beijing FAZHI RIBAO in Chinese 22 Apr 95 p 1)

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### Military & Public Security

#### Jiang Zemin Promulgates PLA Auditing Regulations

HK0105141195 Beijing JIEFANGJUN BAO in Chinese 25 Apr 95 p 1

[Report by Wang Yang (3076 3152) and reporter Ma Chunlin (7456 2504 2651): "Central Military Commission Chairman Jiang Zemin Issues Order to Promulgate 'PLA Regulations on Auditing'"]

[FBIS Translated Text] Beijing, 24 Apr (JIEFANGJUN BAO)—Central Military Commission Chairman Jiang Zemin recently issued an order to promulgate the "PLA Regulations on Auditing."

The "Regulations" will become immediately effective throughout the Army.

These "Regulations" are formulated according to the basic principle fixed by Comrade Deng Xiaoping for our Army's auditing work; it meets the requirements set out by the state's "Auditing Law," and takes into account the actual situation of the Army's auditing work.

The "Regulations" stipulate that all Army units and departments that have economic activities must accept auditing supervision. Auditing departments of various levels, under the leadership of their chiefs, will organize auditing work for the units under their jurisdictions, and will brief their chiefs on the work and will be responsible to them, whereas routine work will be led by the logistic organs at the corresponding levels. The auditing organs inside enterprises should accept the business guidance and supervision from the auditing departments. The auditors' offices in the Army should accept management, guidance, and supervision from the auditing departments.

The "Regulations" stipulate that the duties of the auditing departments in the Army are to carry out supervision over auditing the incomes, expenditures, and state-owned assets of various departments, enterprises, and business units, and over the actual conditions, lawfulness, and efficiency of their economic activities, and to provide auditing supervision over fiscal budgets; purchase and maintenance of equipment; management of enterprise operations; handing over of returns on production, as well as distribution and use of the returns; the incomes and expenditures of the fund-regulating organs and their fund management; management over the use of materials and equipment; and the economic responsibilities of leading cadres in offices; so as to promote healthy and orderly development of economic work in the Army.

The "Regulations" point out that the Army's auditing departments independently exercise rights in supervision, inspection, administration, giving economic punishments, and referring cases to judicial organs according to law, and are free from interference from other units, departments, and individuals. Auditing personnel discharge their duties according to the law, and are protected by law. No unit or individual is allowed to refuse or hinder auditing personnel who are performing their duties according to the law, and those who attack, retaliate against, or frame up auditing personnel will be given severe punishments. Auditing departments and personnel should resolutely remain objective, just, truthful, clean, and law-abiding; they also should keep secrets. Those who have outstanding results in auditing work should be awarded; those who abuse power and neglect duties should be handled according to the law.

These "Regulations" are the basic law for supervising the auditing work in our Army, and the supporting regulations and rules that are drafted and amended according to these "Regulations," already have been, or soon will be promulgated one after another.

### **Army Cracks Down on Fake Military License Plates**

*OW0205054295 Beijing Central Television Program  
One Network in Mandarin 1100 GMT 1 May 95*

[Announcer-read report over video; from the "National News Hookup" program]

[FBIS Translated Text] [Video opens with shots of soldiers inspecting the papers of a man in civilian clothing, cutting to another man leaving his automobile and being questioned by soldiers] A joint military-vehicle inspection task force recently formed by the People's Liberation Army's General Staff and Logistics Departments, and the Beijing Military Region inspected military vehicles that passed through Datong, Shanxi Province. Over the course of two days or so, it nabbed 17 fake military vehicles, and impounded a dozen or so counterfeit driver's licenses and fake enlisted men's identification papers.

[Video shows soldiers inspecting a sedan and a man speaking to soldiers in front of a four-wheel-drive vehicle, cutting to show neatly arranged rows of license plates on the ground] In recent years, some lawless elements in society have played on people's trust in the Army to counterfeit military vehicle license plates and other documents in an attempt to avoid paying taxes and other fees. This has hurt national interests and tarnished the Army's image. It is reported that the Army, with the active cooperation of local traffic departments, is gradually intensifying its efforts to crack down on these activities, seizing more than 250 fake military vehicle license plates in recent years.

### **Approved Army-Building 'Program' Issued to PLA Units**

*OW2904003295 Beijing XINHUA Domestic Service in Chinese 1007 GMT 21 Apr 95*

[By correspondents Wang Linchuan (3769 2651 1557) and Ling Huanxin (0407 3562 2450)]

[FBIS Translated Text] Beijing, 21 Apr (XINHUA)—After one year or so of trial implementation, the "Program for the Building of Grass-Roots Army Units" jointly revised by the General Staff Department, the General Political Department and the General Logistics Department of the People's Liberation Army [PLA] was formally issued to all PLA units for implementation on 17 April with the approval of the Central Military Commission Chairman Jiang Zemin.

The "Program" has four parts. Part one clearly and definitely stipulates the standards for the building of grass-roots units. Part two deals with major routine work of grass-roots units. Part three deals with inspection, appraisal and commendation related to the building of grass-roots units. Part four deals with the major duties of leading organs and the concrete demands set for them in the building of grass-roots units.



During the trial implementation of the "Program," PLA units have done solid work in accordance with the demand set by Comrade Jiang Zemin for "being qualified politically and competent militarily, having a fine style of work, maintaining strict discipline and being assured of adequate logistical support"; and they have forcefully promoted the building of grass-roots units in an all-round way. PLA units have armed the officers and men ideologically with Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics. All its cadres have generally read Volume 3 of "Selected Works of Deng Xiaoping." More than 90 percent of the fighters have read "Selected Readers From Mao Zedong's and Deng Xiaoping's Works." It is evident that the party branches of grass-roots units are playing a greater role as the fighting bastion, while the party members are playing a greater exemplary vanguard role. Work groups led by more than 4,000 leading cadres of regimental and higher levels have successively worked at company-level units; the work groups provided help to backward party branches; and with this help, 70 percent of backward party branches have remarkably improved themselves. Greater efforts have been made to deepen the reform and improve the quality of military training. All army units have scored good results in basic course training. Both the number of skippers of major naval combatant ships that passed the general training program and the number of Class-A combatant units that meet the standards of air force combat effectiveness have noticeably increased compared with previous years. Attention has been paid to the education in good work style and discipline, and to guiding the officers and men in carrying forward the PLA's fine traditions. More than 80 percent of units of the regimental and higher levels have carried out education in special subjects among the grass-roots cadres; and as a result, the relations between officers and men have become even closer. The PLA has achieved unprecedented, high proceeds from agricultural and sideline production, and more than 50 percent of its company-level units have basically attained self-sufficiency in meat and vegetables. With the emergence of more than 10,000 advanced company-level units and nearly 360,000 outstanding soldiers, the PLA has remarkably improved the overall quality of its grass-roots units. Practice shows that the "Program" is a product of integrating Comrade Deng Xiaoping's thinking on army building during the new period with the practical work of building the PLA's grass-roots units; and it is the embodiment of Comrade Jiang Zemin's general demand for "being qualified politically and competent militarily, having a fine style of work, maintaining strict discipline and being assured of adequate logistical support" in the building of grass-roots units. It plays a standardizing and promoting role—in providing correct guiding principles for various levels in the building of grass-roots units, in unifying the standards and major contents of the building of grass-roots units, and in stepping up the building of grass-roots units in an all-round way. The "Program" conforms to the

reality of grass-roots units, and it is a good document which sets standards and provides guidance for specific matters.

Since certain stipulations and wording in the draft for trial implementation have been revised, the formally-issued "Program" has more and better content and its stipulations suit the reality of grass-roots units even better.

In a circular on formally issuing the "Program," the Central Military Commission pointed out: The "Program" fully embodies Comrade Deng Xiaoping's thinking on army building during the new period and Comrade Jiang Zemin's general demand for army building. It is the basic norm and basis for guiding the building of grass-roots PLA units. The PLA should ensure that all leading organs direct grass-roots units according to the "Program," all grass-roots units step up the building of themselves according to the "Program," all demands set in the "Program" are carried out, and all-round progress is made in the building of grass-roots units.

#### **Leader Addresses Tibet Civil Air Defense Meeting**

*OW2804132795 Lhasa XIZANG RIBAO in Chinese 16 Apr 95 p 1*

[FBIS Translated Text] The fifth work meeting of the Tibet Autonomous Regional Civil Air Defense Committee was held in Lhasa 13-14 April.

Those attending the meeting included Gyamco, executive vice chairman of the Tibet Autonomous Region and chairman of the regional civil air defense committee; Liu Shiguo, deputy commander of the Tibet Military District; and leaders of the regional planning and economic commission, Shannan Prefecture, Nyingchi Prefecture, Xigaze Prefecture, and various departments and bureaus concerned.

The meeting mainly heard a work report and a summary of last year's work delivered by Chen Shaobing, director of the regional civil air defense office. The meeting also studied and approved Tibet's proposed civil air defense program for the Ninth Five-Year Plan; and discussed and approved the "Opinion on Paying Civil Air Defense Projects Construction Fees in Some Cities and Towns" and "Opinion on Lands for Civil Air Defense Projects and Publicizing the Opinion." In light of the new situation and Tibet's reality, participants extensively discussed how to accelerate civil air defense building in Tibet, how to enable civil air defense to fully yield war preparedness results and social and economic benefits, how to manufacture products for both peacetime and wartime use, and how to enable civil air defense to serve economic and urban construction and people's daily lives. They also forwarded many good opinions and ideas.

Vice Chairman Gyamco spoke at the meeting. He said: In view of the current situation of Tibet's civil air defense

work and to meet the requirements of the military strategy for the 7?w period set by the State Council and Central Military Commission, reform of Tibet's civil air defense work is still very arduous and many difficulties remain to be overcome. To solve these problems, first we need to rely on policy; we should truly implement relevant policies and measures. Second, we must step up reform; we should direct our efforts to increasing the scope, depth, and speed of reform. Third, we should improve management work and enhance the public's awareness of national defense; we should be prepared for danger in times of peace. Only by doing so can we ensure smooth development of Tibet's civil air defense work.

Vice Chairman Gyamco stressed: In carrying out Tibet's civil air defense work, we should adhere to the principle of "carrying out work for a long time, manufacturing products for both peacetime and wartime use, drawing up an overall plan, and building key civil air defense projects"; we should accumulate our own experience and take our own development path. Only by closely revolving around reform and opening up, earnestly plunging ourselves into economic construction, adhering to the principle of reform of the civil air defense work, earnestly exploring for a new way to cater to civil air defense needs of both peacetime and wartime, and fully using the strengths of civil air defense to cater to the needs of both peacetime and wartime, can civil air defense continue to gain new vitality and spur development of work in all fields.

Vice Chairman Gyamco urged governments at all levels to attach appropriate importance to civil air defense work; to step up civil air defense infrastructural building, publicizing, and education; to include civil air defense work on their work agenda; and to solve major problems related to civil air defense in a timely manner. He said: Planning, financial, posts and telecommunications, banking, price, industrial and commercial, taxation, and education departments should actively support and accommodate civil air defense work and should strive to create favorable conditions for carrying out the work.

#### **Public Security Ministry Circular Bans License Fees**

*OW0105155695 Beijing XINHUA Domestic Service in Chinese 0234 GMT 22 Apr 95*

[FBIS Translated Text] Beijing, 22 Apr (XINHUA)—The Public Security Ministry recently issued a circular to public security bureaus and departments in various provinces, autonomous regions, and municipalities on

resolutely stopping the collection of fees by taking advantage of changing 1992 motor vehicle license plates.

The circular noted that at present there exists in varying degrees the problem of some localities which, in violation of laws and regulations, instructed or ordered public security organs to engage in activities that go beyond the duty of the people's police. In the nationwide renewal of the 1992 motor vehicle license plates, there were also reports of fee collections in some localities. Since these erroneous acts will damage the image of the government and the public security organs and affect the performance of normal functions at public security organs, they must be resolutely put to a stop and rectified.

The circular pointed out the need for all levels of public security organs to seriously abide by the various stipulations set forth by the Public Security Ministry, the State Planning Commission, and the Finance Ministry on the renewal of 1992 motor vehicle licenses and to enhance the leadership over the renewal task in a down-to-earth manner. At the same time, it is necessary to pay attention to timely helping traffic control departments to solve difficulties and problems encountered in the course of renewing 1992 motor vehicle licenses and to help ensure the healthy and smooth progress in the issuance and use of new licenses. All levels of public security organs should conscientiously carry out their duties and act as good advisers to party committees and governments in line with the stipulations of the "People's Police Law." In case there are instructions and orders that go beyond the duty of the people's police, public security organs should report them to party committees and governments and seek their support. They should also refuse to carry out those instructions and orders according to the "People's Police Law" and report them to upper public security organs. They should never carry out those instructions and orders by going beyond their authority and by violating the law without showing resistance to the execution of those instructions and orders and without reporting them to upper organs.

The circular called on all levels of public security organs and traffic control departments to improve services and work style in the issuance and use of new licenses. It called on them to actively explore new ways in the reform of traffic control, to simplify procedures, to adopt effective measures to facilitate the masses, to improve work style in a down-to-earth manner, and set up and maintain a good image for public security and traffic control departments under the premise of persisting in strict management and in ensuring quality.

**General****Li Peng Comments on Retail Price Indexes**

*HK0105125495 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1113 GMT 17 Apr 95*

[FBIS Translated Text] Shanghai, 17 Apr (ZHONGGUO TONGXUN SHE)—When commenting recently on the price index, Premier Li Peng pointed out: The practice of publishing the general retail price index every month serves as a kind of supervision over various provinces.

BAOKAN WENZHAI [NEWSPAPERS AND PERIODICALS DIGEST], published by Shanghai's JIEFANG RIBAO, reported this remark by Li Peng. Li criticized some localities for increasing local revenues by increasing prices, adding that the government's decision to publish the general retail price index each month indicates its determination to control prices, and helps reassure the people.

Li also demanded that the retail price indexes of 35 major and medium-sized cities also be published. The publication of indexes should be well organized and timely, he added.

According to a source, as early as February this year, Li gave written instructions on a relevant report: The reliability of the price index is above suspicion, but it has not been timely as necessary, and has been slow in reflecting the macro economy. Efforts should be made to make a forecast at the beginning, before the third to fifth days of each month, for example.

**Zhu Rongji, Qian Qichen Address Workers Meeting**

*OW0105134595 Beijing XINHUA Domestic Service in Chinese 1340 GMT 30 Apr 95*

[FBIS Translated Text] Beijing, 30 Apr (XINHUA)—The national meeting on commending model and advanced workers held a report meeting at the Great Hall of the People in Beijing this morning. Zhu Rongji, member of the CPC Central Committee Political Bureau Standing Committee and vice premier of the State Council, and Qian Qichen, member of the CPC Central Committee Political Bureau and vice premier of the State Council, delivered reports on the domestic and international situation, respectively.

In his report, Zhu Rongji briefed the participants on the current national economic performance, expounded this year's key economic tasks, and expressed his hopes regarding the national model and advanced workers present at the meeting.

Zhu Rongji said: In 1994, the party Central Committee with Comrade Jiang Zemin as the core evinced unusual courage and resourcefulness in boldly reforming the macroeconomic control system, and in unveiling a package of major reform initiatives. Practice has attested

to the success of these reforms. We achieved the desired aims and scored breakthroughs, thus laying the groundwork for establishing a socialist market economic system, and for steering the national economy onto the sound path of sustained, rapid, and healthy development. The economy performed well during the first quarter of this year, with the financial and banking sectors doing even better than last year, and there was a slight fall in the rate of price increases.

Zhu Rongji said emphatically: This year's priority economic task is to control inflation. To this end, we must develop agriculture in a down-to-earth and vigorous manner; continue to control fixed-asset investment and excessive growth in consumption funds; deepen reform of the commodity-circulation system; and tighten market supervision and control. Zhu Rongji noted: This year's economic reform will focus on reforming state-owned enterprises. First, we should define our guiding ideology whose crucial aim is to separate government and enterprise functions, improve internal enterprise management, and gradually establish a social security system. We should rely wholeheartedly on the working class, and genuinely turn state-owned enterprises into legal entities and major market competitors that operate independently and assume responsibility for their own profits and losses under state macroeconomic regulation and control. Zhu Rongji said emphatically: While promoting material civilization, we should also redouble our efforts to promote spiritual civilization, adhere to the principle of doing two things simultaneously and paying equal attention to both, and ensure that the economic principles and policies of the party Central Committee and State Council will be implemented fully and correctly.

Zhu Rongji expressed his ardent hope that national model and advanced workers would play an exemplary and leading role in improving social morals, in exercising more effective management over enterprises, and in supporting enterprise reform.

In his report, Qian Qichen briefed the participants on the current international political and economic situation, and on China's diplomatic work. He noted: The main goal of China's diplomatic work is to help foster a favorable international environment, and to facilitate reform, opening up, and modernization at home. To achieve this goal, we should rely on the party Central Committee's correct leadership, the constant improvement of the country's economic strength, and the full support of people of all nationalities across the country. If we rely on these factors, we can gain the initiative in the international community, and contribute to world peace and stability and to the motherland's prosperity and strength.

In their reports, Zhu Rongji and Qian Qichen also extended their thanks, greetings, and best regards to the national model and advanced workers. Their reports won warm applause from the participants.



Wei Jianxing, member of the CPC Central Committee Political Bureau and Secretariat, and chairman of the All-China Federation of Trade Unions, attended the reporting meeting, which was chaired by State Councilor Li Guixian. Also in attendance were all delegates to the national meeting on commending model and advanced workers.

#### Li Tieying Outlines Hot Spots in Reform

HK0105132795 Beijing ZHONGGUO XINWEN SHE  
in Chinese 1349 GMT 18 Apr 95

[By reporters Xiao Longlian (5135 7893 5114) and Yang Jie (2799 0267)]

[FBIS Translated Text] Chengdu, 18 Apr (ZHONGGUO XINWEN SHE)—Li Tieying—member of the CPC Central Committee Political Bureau, state councillor, and minister of the State Commission for Restructuring Economy—said: Through several years of macroeconomic control and coordinated package reform, China has managed to achieve steady, sustained, and rapid economic growth, providing an important historic opportunity for deepening reform and setting up a market economy in a comprehensive way.

Li today analyzed China's economic situation since the beginning of this year at the national conference on the pilot project work for comprehensive reform in urban areas and for the modern enterprise system. He said: We have gotten off to a good start this year. Economic activities and the process of reform and development in every field have proceeded smoothly as required by macrocontrol, nearing or attaining the intended objectives. Prices generally have been brought down in the first quarter, registering a fairly large drop as compared with last year. The financial and monetary situations also are good. We have achieved good results in adjusting the industrial structure and in controlling the volume of fixed-asset investment.

Li added: In 1995, enterprise reform, with the institution of the modern enterprise system as the key task; the reform of the social security system in support of economic reform; the strengthening and improvement of macrocontrol; the fostering of market mechanisms; the change of government functions; and other reforms all conform to actual needs. As far as nationwide economic development is concerned, curbing inflation, strengthening agriculture and ensuring bumper harvests, and accelerating state enterprises' reform and raising their economic efficiency—which are practical problems crying out for solution—are where the difficulties and hot spots lie in our economic development. They also are the focal points of our reform. Therefore, for items that should be started or accomplished this year, or items the reform of which should be accelerated, we must make bold explorations and press ahead without hesitation.

#### Labor Minister Comments on Social Security

95CE0344A Beijing JIDIAN RIBAO in Chinese 9 Mar 95 p 1

[Article by Yan Qixiang (7051 0796 5046): "Interview With Labor Minister: on Issues of Concern in Society Today—Social Security, Wages and Employment—What New Measures Will Be Taken This Year?"]

[FBIS Translated Text] In March, taking advantage of an opportunity at a meeting in Beijing, this reporter interviewed Labor Minister Li Boyong [2621 0130 0516] on the hot button issues of concern to all workers and employees—social security, wages and employment.

#### Greater Efforts To Be Made in Social Security Reform

Establishing a good social security system is one of the important measures in deepening enterprise reform. Li Boyong told this reporter that social security system reform, particularly reform of the old-age pension and unemployment compensation systems, has already captured the close attention of all segments of society. Not long ago, the State Council after study set forth the direction for the reform. The main focus is to integrate societal contributions with individual accounts in a basic old-age pension system; and the Labor Ministry will exercise overall supervision in guiding social security system reform in urban and township enterprises throughout the country.

For over a decade, social security system reform proceeded under an overall plan with contributions to the fund made by both work units and individuals, with parts of fund accumulated to broaden the coverage and to promote an "overall unified." In the old-age pension system, the basic old-age pension system was supplemented by retirement benefit from enterprises linked to individual savings. Last year, 29 provinces, autonomous regions and directly administered municipalities have already put into effect a system of individuals contributing toward their basic old-age pension fund; and over 6,000 enterprises have established supplemental old-age pension insurance coverage for some 2 million of their employees and workers. Naturally, the various methods which may be taken in the reform process are different, but by encouraging supplemental contributions, implementation of the system is made even more practicable.

This year, the Labor Ministry will follow the management system mandated by the State Council and unify the management of social security system reform in urban and township enterprises. The Ministry will further quicken the pace of reform and establish and perfect a new mechanism integrating societal and individual contributions with individual accounts. By positively expanding the scope of social security coverage and promoting a "unified" old-age pension system, the Ministry aims to break down any barriers among employing units and their systems, and to implement an old-age pension system without regard to the workers' status or

the work units with which they are affiliated, an overall system based on unified standards for managing, regulating and utilizing the fund.

Unemployment insurance system reform has also developed very rapidly. Twenty-five provinces and cities have already expanded unemployment compensation coverage to all employees and workers in urban and township enterprises. By the end of 1994, the number of workers with unemployment insurance coverage totalled 95 million people. In all of last year, over 1.5 million workers received unemployment benefits, equalling the total number who received benefits during the seven years before the unemployment insurance system was put into effect. Of this number, some 800,000 were "re-employed."

This year, the reform will continue to deepen, and unemployment insurance coverage will gradually be expanded so that all employees and workers in urban and township enterprises will enjoy the same coverage and benefits. Amounts contributed to the unemployment insurance fund will be calculated on the basis of income and expenditure leaving a suitable amount for saving. If benefits paid in any one year should exceed the fund contributed, the shortfall will be made up by the government treasury. Utilization of the unemployment insurance fund and payment of benefits will require careful and detailed management. While ensuring that benefits paid to the unemployed will cover their basic living expenses, we need at the same time to take the initiatives and actively facilitate their search for "reemployment."

In short, we will formulate a realistic and practicable social security system, strengthen supervision over utilization of the social security fund and ensure that inputs will be collected on schedule, that adequate amounts will go into the unemployment and retirement accounts and that benefits will be paid out in a timely manner. We will strictly prohibit any misappropriation or diversion of social security fund, start coordinating the central and provincial governments in managing the trust fund, explore ways to maintain and increase the value of the trust fund, and raise the standard of socialized services in social security coverage.

#### **Macroeconomic Coordination and Control of Wage Distribution To Be Strengthened**

Macroeconomic coordination and control of wage distribution is an important part of the government macroeconomic measures carried out in the economy, they are also the major tasks for the Labor Ministry. Li Boyong pointed out that in a recent period, wage distribution was excessively tilted toward individual gains which led to rapid rise in consumer spending, exacerbating the inflation and clearly impacting on healthy development of the economy. This year, the Labor Ministry's main work tasks are to strengthen macroeconomic coordination and control of wage distribution; to utilize economic, legal and any necessary administrative procedures to rationalize the relationship between capital and

labor; to continue to deepen reform and to ensure that enterprise wage increases will be kept at a level below the increases in labor productivity and economic benefits. Toward these ends, the Labor Ministry intends to carry out the following measures. Introducing a new requirement that wage increases at every administrative level be submitted to the next higher level of government for prior approval; strictly implementing the plan of flexible wage levels as required by the government; circularizing criticisms of any regions and departments which exceed the plan; in cases where wage increases are considered to be excessive, the Treasury Department will either increase the amount of revenue the localities are required to hand over to the central government or reduce the amount of government financial subsidies. Further, the Ministry will improve the linkage of work to effectiveness and prohibit money-losing enterprises from raising wages or distributing bonuses. We will also strengthen control over the high level of wages paid by various companies in the excessively fast-growing sales and circulation area. As for state-owned enterprises, we will seek to link work to result and implement a "contract" to cap the overall wage level. In areas with a high economic growth rate and a relatively well developed labor market, we will set up "wage increase guidelines" to promote rational increase of wages. We will also try out a system of annual salaries for enterprise operators and separate the latter's income from wages of employees and workers. For state-owned enterprises in transition to a modern enterprise system, we will permit the wage level and distribution method to be determined through collective consultation. In sum, we want to establish the mechanism for controlling and encouraging wage distribution, and lead enterprises to implement a wage system and distribution method which conform to their own special characteristics.

What is especially of note is that this year, we will implement "a guaranteed minimum wage system" across the board and standardize wages paid by enterprises. For enterprises that experience temporary difficulty paying workers' wages, they can, upon certification by concerned departments, rely on bank loans or subsidies from local government or their supervising departments to ensure that the workers' wages will not be lower than the minimum standard of the area. For enterprises which definitely have problems meeting their payrolls but cannot yet go into bankruptcy, we will adopt various measures to actively raise or borrow capital to pay workers their living expenses and ensure their basic livelihood.

#### **Stability of Employment To Be Maintained By All Means Possible**

Employment is an individual benefit on which millions and millions of workers depend, and it is a major determinant of whether the masses will have enough to eat. Last year, in cities and townships nationwide, employment was found for a total of 7 million people, and unemployment was basically kept at a less than 3

percent rate. This year, 10 million people will seek employment in cities and townships; possibly more than 30 million surplus farm laborers will migrate across provincial and regional boundaries. In addition, the problem of settling or channelling 15 million surplus workers in state-owned enterprises is a matter of urgent concern. Li Boyong emphatically noted that in 1955, the employment situation is serious, and the pressure is increasing and the tasks are complex and heavy. The Ministry, therefore, has assigned the highest priority to dealing with the problem of employment. In addition to finding employment for new workers entering the labor force in cities and townships, we need to devise effective solutions to deal with the problem of channelling and settling surplus workers from state-owned enterprises and with the problem of orderly movement of surplus farm laborers, to ensure stability in the employment situation and to keep the unemployment rate at around 3 percent.

The concrete measures include formulating policies to expand employment and to rationally regulate the labor supply and demand relationship, encouraging initiatives on the part of government, enterprise and labor to integrate the enterprise role in placing workers, the workers' responsibility in finding their own employment and society's role in helping to solve the problem of unemployment; raising unemployment insurance fund through multiple channels, appropriately handling bankruptcy of enterprises, sales of state assets and channeling workers displaced by enterprise structural adjustments. For surplus workers who try searching for their own employment, the enterprises should pay a fixed amount of resettlement expenses on an one-time basis. We need to expand the unemployment insurance coverage, effectively carry out payment of unemployment compensation, utilize well the "job retraining fund" and "fund for self-help" and provide services to the unemployed by retraining them for new jobs or helping them find other employment. Carrying out "re-employment projects" is a major task in connection with appropriate settling of enterprise surplus workers. Shenyang and Shanghai have done this rather well, and we need to summarize and apply their experiences nationally. In sum, the basic measure for solving the question of employment is to develop the economy and open up new employment opportunities. We need to vigorously develop the tertiary sector among township and village enterprises and in farming villages to absorb the surplus farm laborers in place. We need further to strengthen projects such as employment placement service, job training, unemployment insurance and labor service enterprises that are suited to the needs of promoting the growth of the labor market and employment of workers.

Li Boyong was full of confidence in saying to this reporter that we need only to follow the lead of the "Labor Law" and earnestly grasp hold of the relationship among reform, development and stability, we will certainly be able to satisfactorily solve the problems of

insurance, wages and employment, accelerate the establishment of a new labor system and promote the continued, rapid and healthy development of the economy.

#### Statistics Show Increase in Industrial Output

HK3004075295 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 30 Apr-6 May 95 p 4

[Article by Tong Ji: "Government Spending Propels Rising Output"]

[FBIS Transcribed Text] Industrial output reached 924.33 billion yuan (\$112.72 billion) in the first three months, at 1990 constant prices, up 17.1 per cent over the same period of 1994, according to the latest figures released by the State Statistical Information and Consultancy Service Centre.

The centre said capital construction spending at State owned industries topped 64.28 billion yuan (\$7.84 billion) in the first quarter, up 47 per cent from last year's corresponding period.

Of the total input, 25.38 billion yuan (\$3.1 billion) went to projects under the administration of the central government up 48.9 per cent from 1994 while projects under the auspices of local authorities absorbed 38.9 billion yuan (\$4.74 billion), up 45.8 per cent.

5.83 billion yuan (\$711 million) went to apartment building projects, up 67.7 per cent, while fixed assets at State industries grew 241.2 per cent to top 7.05 billion yuan (\$859.7 million).

Technical renovation in the State-run industries absorbed 21.8 billion yuan (\$2.7 billion) in the first three months, up 25.6 per cent.

Light industrial output in the period jumped 24 per cent over the same period of last year to hit 414.59 billion yuan (\$50.56 billion) while heavy industrial output gained 12 per cent to stand at 509.74 billion yuan (\$62.16 billion).

State-owned industries in the first three months generated 439.7 billion yuan (\$53.62 billion) worth of products, up 8.9 per cent from last year, the report said.

Collectively-owned enterprises chalked up a 22 per cent increase to 313.3 billion yuan (\$38.2 billion).

Of the total output made by the collectively-owned firms, 216.65 billion yuan (\$26.42 billion) was generated by plants in rural areas, up 27.3 per cent.

The rest of the output, valued at 171.29 billion (\$20.89 billion), was generated by industries of other ownership, an increase of 33.3 per cent over the same period of 1994.

The centre's report said energy production increased 8.91 per cent in the first three months to 259.08 million tons of standard coal equivalent.



Production of undressed coal generated a 11.25 per cent rise to hit 275.32 million tons.

Production of crude oil decreased by 1.01 per cent to 36.87 million tons, while natural gas production inched up 2.5 per cent to 4.231 billion cubic metres.

Hydroelectric output increased 18.49 per cent to total 33.525 billion kilowatt-hours.

	Unit	Output	Change (%)
Autos	million	0.3412	8.18
TV sets	million	7.7538	10.8
Colour TV sets	million	4.0937	7.15
Home washing machines	million	2.658	-0.93
Home refrigerators	million	1.9813	10.15
Yarn	million tons	1.1405	-1.39
Chemical fibre for garments	million metres	601	22.4
Cigarettes	billion	426.43	9.22
Beer	million tons	3.0513	34.44
Steel	million tons	22.589	-1.59
Rolled steel	million tons	18.88	-6.96
Sulphuric acid	million tons	3.9589	22.34
Soda ash	million tons	1.3891	-3.28
Chemical fertilizers	million tons	5.9 <sup>^</sup> 74	14.08
Timber	million cubic metres	13.125	0.09
Cardboard	cubic metres	1,000.8	-0.49
Cement	million tons	81.3453	-0.19
Flat glass	million boxes (1 box = 50 kg)	27.5004	-2.13

### Localities Urged To Fund Power Projects

HK0205072995 Beijing CHINA DAILY in English  
1 May 95 p 5

[Article by Liu Weiling: "Power Projects Need More Money"]

[FBIS Transcribed Text] The central government is urging local authorities to raise more money for power projects to ensure their smooth construction.

According to an official with the State Development Bank (SDB), the delay of fund allocation from local authorities and the heavy burden of debt repayment on power projects have become the major hurdles hindering development of many projects.

Local authorities are expected to raise 20.2 billion yuan (\$2.4 billion) for power projects this year while power enterprises are required to pool 2.17 billion yuan (\$268.3

million) by themselves said the official with the SDB's credit bureau for power industry.

However, by the end of March, only 1.3 billion yuan (\$154.8 million) from local governments and 70 million yuan (\$8.3 million) from power enterprises had gone to the projects.

That means the local governments only fulfilled 6.6 percent of their investment to power projects in the first quarter of this year, compared with the 10 to 15 percent required by the central government.

Meanwhile, the official said that many power projects will face tough financial situations this year since they together will have to repay about 5.2 billion yuan (\$619 million) in principals and interest on loans.

This includes 3.27 billion yuan (\$389.3 million) in construction bonds sold to financial institutions, about 500 million yuan (\$59.5 million) in loans from the State Development Bank and 1.4 billion yuan (\$166.7 million) in other bank loans and interest.

However, by the end of March, only 280 million yuan (\$33.3 million) worth of bonds had been redeemed.

He said that the central government is giving top priority to the development of the power industry as the country's robust economic growth has created an increasing thirst for power.

Beijing, for example, is investing in power projects in Inner Mongolia Autonomous Region to ensure that the city will no longer suffer power cuts starting from November this year.

But the country's eagerness to develop its power sector has led to a shortage of capital despite its increased input in this field.

The central government is exploring various of measures to satisfy the demand for funds, the official said.

In other developments, the State Planning Commission has unveiled 139 key State construction projects to be undertaken in 1995.

Of these, 62 concern energy, such as the energy section of the Three Gorges Dam project across the Yangtze River and Xiaolangdi Power Project across the Yellow River.

Power construction takes up another 36 projects in almost every province, autonomous region and municipal city across the country.

### Metallurgy Industry Addresses Fund Shortages

OW0105163595 Beijing XINHUA Domestic Service in Chinese 0958 GMT 26 Apr 95

[FBIS Translated Text] Beijing, 26 Apr (XINHUA)—At a national telephone conference held today on the production and operations of the metallurgical industry, Metallurgical Industry Minister Liu Qi said: The metallurgical industry achieved its projected goals and

improved to a certain degree the regulation of fund shortages in the first quarter of this year.

At the beginning of this year, the Ministry of Metallurgical Industry forwarded a proposal for achieving marked improvement in alleviating the situation of fund shortages in the first quarter. The ministry proposed not to further increase arrears but to use 100 percent of monies recovered for alleviating fund shortages. This included monies recalled and monies collected for accounts already written off.

Liu Qi said: In the first quarter, through joint efforts of the entire metallurgical industry, the situation in funds recovered was better than that of the fourth quarter of last year. The trend of arrears was stopped and amounts of debts and credits reduced. The amount of credits extended by 10 major steel enterprises as of the end of March dropped by 10.6 percent compared to that of the beginning of the year.

Liu Qi said: The industry's steel production increased monthly in the first quarter, market prices were stable, and production of varieties in short supply, including cast products, grew by a fairly large margin. It is understood that the nation produced 22.589 million tonnes of steel in the first quarter, down 1.59 percent over the corresponding period of last year; and 23.305 million tonnes of iron, an increase of 5.2 percent over the corresponding period of last year.

At the telephone conference, Liu Qi asked metallurgical enterprises to further readjust the product mix, meet market needs, strive to increase production of saleable products, strengthen fund management centered on capital, and strive to achieve a comprehensive improvement in production and business operations in the second quarter.

At today's telephone conference, representatives of the Anshan Iron and Steel Complex, Wuhan Iron and Steel Company, and Shougang Steel Plant separately gave briefings on ways to lower costs and reduce fund arrears.

#### **Fushun Shifts Emphasis To Chemical Industries**

OW0205031895 Beijing XINHUA in English 0233  
GMT 2 May 95

[FBIS Transcribed Text] Shenyang, May 2 (XINHUA)—Fushun, an important coal production base in Liaoning Province, northeast China, is shifting its industrial emphasis to the refined chemical industries.

Local officials say the move is to find substitute production for coal, which has seen deposits shrink after years of mining.

In recent years, the booming petroleum industry in this city has laid a foundation for refined chemicals, officials say, and that this will transfer the work of tens of thousands of workers at the beginning of the next century.

Thus far, this city boasts a total of 29 enterprises engaged in refined chemicals, with 110 products, among which, black pigments account for 20 percent of the country's production, and petroleum leads the country both in quality and output, local sources say.

Fushun will set up a market system for petroleum products and raw materials, and two scientific research centers. It will also have three pillar industries and develop eight major raw materials.

By the end of the century, the city will produce more than 200 kinds of refined chemical products, and establish 15 giant enterprises, and 2 firms each will have output value well over 500 million yuan and more than 100 million yuan in profits.

To achieve its goal, Fushun will pump nearly 1.9 billion yuan and 75 million US dollars of foreign funds into 76 projects. Upon completion, they will yield 3.1 billion yuan in output value, nearly 700 million yuan in profit, and contribute 300 million yuan in taxes.

Fushun also plans to introduce advanced technology and a managerial system, and seek more chances for international co-operation, officials said.

#### **Priority Given to Construction in Northwest**

OW0205032395 Beijing XINHUA in English 0135  
GMT 2 May 95

[FBIS Transcribed Text] Hohhot, May 2 (XINHUA)—China will give priority to railway and power plant construction to promote the use of the Shenfu-Dongsheng coal field in northwestern China's Inner Mongolia Autonomous Region and Shaanxi Province.

The coal field is regarded as one of the largest in the world, with estimated deposits of more than 230 billion tons. However, coal production has been restricted because of the lack of transport facilities.

During the past decade, the central and local governments have put more than three billion yuan into the coal field, which can produce 20 million tons of coal a year, but only one-fourth of it can be shipped.

With the approval of the State Council, a total of 2.56 billion yuan will be put into building an electric railway and a one-million-kw thermal power plant at the coal field this year.

The railway is to be put into operation in 1996, and by that time, 20 million tons of coal will be transported out of the coal field each year.

In addition, the power plant will supply electricity to eastern China upon its completion in 1997.

#### **Beijing Promotes Professional Skills Development**

OW0105142795 Beijing XINHUA Domestic Service in Chinese 0318 GMT 21 Apr 95

[By XINHUA reporter Wen Boqi (2429 0130 0366) and GONGREN RIBAO reporter Shi Benjian (4258 2609 1017)]

[FBIS Translated Text] Changsha, 21 Apr (XINHUA)—With the constant deepening of the labor reform system, a professional skills development system aimed at raising laborers' employment potential and job skills and their quality has initially taken shape in China. This has been learned from the National Professional Skill Development Working Conference, which opened in Changsha on 19 April.

The development of professional skills has a direct bearing on the deepening of enterprise reform and on increasing profits. China is a large country with a huge population. Statistics show that this year 10 million more laborers from China's urban areas arrived on the labor market scene, that the shifting surplus laborers from rural areas who were making transregional moves reached more than 30 million, and that in state-owned enterprises alone, there were some 10 million laborers who were made redundant and in need of being resettled and transferred to other posts. Basically speaking, there are two ways to solve labor employment problems. First, we can develop the economy and increase job opportunities. Second, in order to enable staff members and workers to compete on the labor market, it is necessary to raise their quality and to enhance their employment potential and professional skills. Both the economic development and the raising of laborers' quality are inseparable from fully developing their professional skills.

China has a well-established professional skill development structure. Departments, from the state-level down to local-level departments, are stepping up working out concrete policies, laws and regulations, standards, and systems for the professional skill development structure. The Labor Ministry has already formulated relevant stipulations on professional skill development. The pilot project on socialized management of professional skill evaluations and the promotion of the certificate system of state professional skill qualifications have also been conducted in a planned and step-by-step manner. Thirteen provinces, municipalities, and autonomous regions have already established professional skill evaluation centers. Twenty-seven provinces, municipalities, and autonomous regions have formulated and promulgated the "Procedures for the Implementation of the Professional Skill Evaluation" and related documents.

Training for staff members and workers and professional skill competition have been extensively conducted and held across the nation. At present, there are 20,000 training bases for staff members and workers nationwide. Some 30 million staff members and workers receive training every year. While carrying out the modern enterprise system reform, enterprises—in addition to enhancing the training of technical workers, senior technicians, junior technicians, and shift supervisors in particular—have also conducted on-the-job training for staff members and workers and launched various types of professional skill competition. This helped stimulate the enthusiasm of staff members and

workers to learn new skills and created conditions for the deepening of enterprise reform and economic development.

### **Commentator Calls For Technical Boost to Economy**

*HK0205061295 Beijing RENMIN RIBAO in Chinese  
27 Apr 95 p 1*

[Commentator's article: "Economic Growth Must Rely on Technological Progress"]

[FBIS Translated Text] The Central Economic Work Conference, which was held at the end of last year, called for making strenuous efforts from the beginning of this year to improve the quality and increase the efficiency of economic growth; to vigorously effect a change in the means of economic growth from extensive to intensive management; and to enormously increase the efficiency of structural optimization, operations of scale, and scientific and technological progress. This indicates that there must be strategic change in China's economic development. This is the scientific policy decision made by our party after analyzing the status quo and objective laws governing China's economy, and the international environment it faces. It is an important measure adopted in the strategy of China's economic development. To attain this strategic change, China's economic growth must rely on technological progress, and we must shift the focus of economic work onto grasping technological progress.

China's economic growth must rely on technological progress because this is required by the reality of China's economic growth. Since the Third Plenary Session of the 11th CPC Central Committee, China's economy has developed rapidly, and its economic scale has expanded swiftly, scoring world-acknowledged achievements. As the concepts in economic development guidelines stressed extension at the expense of intension, and capital construction at the expense of technical transformation, and also because of the tendency toward blind pursuit of output value and growth, the funds for construction were scattered, duplicate projects were serious in some trades, product quality was poor in many enterprises, material consumption was high, capital turnover was slow, the phenomenon of debt chains was common, waste caused by losses was appalling, and the level of technology was low. As a result, the quality of China's national economy as a whole could not improve for a long time, and its economic quality and efficiency could not increase correspondingly along with high economic growth. Some important economic indices remained far below those of the Western developed nations, as well as of the developing countries. The poor quality of China's economy as a whole is also manifested in poor enterprise equipment, the low technology content of products, and a lack of competitiveness in the international market. Objective reality has warned us: If we fail to effect a change in economic growth, and to take



the road of economic development which relies on technological progress, China's relatively limited natural resources will be exhausted, and it will be difficult for economic growth to extricate itself from the vicious cycle of low and poor efficiency.

Economic growth must rely on technological progress because it is required by the historic stage of China's economic development. China's economic development is now at the stage of capital-intensive-type accelerated industrialization, which gradually will shift to the stage of intellectual-intensive-type industrialization within a period of time from now to 2010. Through the development at this stage, China's economic level, which is currently at the level of low-income countries, will join the level of intermediate-income countries. According to the experience of many developed nations, the law of economic development at this stage is that contribution by technological progress to economic growth will increase by a wide margin. China also should follow this law when its economic development has entered this stage, and should consciously take the road of relying on technological progress to boost economic growth.

Economic growth must rely on technological progress because it is a requirement set by China's economic structural reform for economic development. China will establish a basic framework for its socialist market economy system by 2000, which indicates that China's economic development gradually will face a brand new market economy environment in the future. Hence, enterprises should vigorously improve their overall qualities, upgrade their industries, and develop economies of scale; give full play to regional superiority and relative international superiority; and increase China's economic competitiveness in the world. All this requires us to take the road of developing the economy by relying on technological progress.

To attain the purpose of economic growth by relying on technological progress, it is necessary first to resolve the problems in guidelines; to put an end to the long-standing practice of "small and comprehensive" and "large and all-inclusive" in economic construction, which merely focuses attention on extensive expansion of economic scale while neglecting intension; and to attach great importance to enterprise technical transformation. Second, it is necessary to make strenuous efforts to grasp the work of enterprise technical transformation. In addition, we should do well the work of enterprise reorganization, institutional reform, transformation, enhanced management, and macroeconomic comprehensive coordination management. Only by doing so can the work of technological progress be ensured, and can we improve the quality of economic growth and increase its efficiency.

#### **XINHUA Economic News Briefs for 2 May**

OW0205081795 Beijing XINHUA in English 0730  
GMT 2 May 95

[FBIS Transcribed Text] Beijing, May 2 (XINHUA)—  
Today's Economic News In Brief:

#### **Gansu Improves Standardization Work**

Gansu Province in northwest China has worked out 409 regional standards and 3,476 standards for enterprises in a drive to improve management, and to improve overall product quality and conformance with overseas markets.

Thus far, all large and medium sized enterprises have adopted international standards for 1,576 products.

#### **Japanese Aid Chinese Minority**

A Japanese international consortium, Syourai Setat, made a donation worth 620,000 yuan to the Liangshan Yi Autonomous Prefecture, in southwest China's Sichuan Province, to support education for the local ethnic group.

Katsuhiko Yazaki, a senior representative, who had conducted an on-spot inspection to Liangshan, attended a ceremony marking the presentation of the donation.

He revealed the fact that it includes a number of teaching aids, and covers the cost of sending two teachers to study in Japan every year.

#### **Nationwide Network for Movie Copyrights**

China's nationwide network for the protection of movie copyrights has been inaugurated formally in Beijing.

A number of experts in copyrights and law, together with those from executive departments have assumed the responsibility of conducting investigations.

Special liaison members, who uncover cases of infringement, are supposed to get 10 to 20 percent of the compensation funds as an award.

Sponsored by the Film Distribution and Exhibition Corporation of China, the network covers more than 40 branches and cinemas nationwide at present.

#### **\*Researchers Discuss Wholesale Industrial Markets**

95CE0332A Beijing CAIMAO JINGJI [FINANCE AND TRADE ECONOMICS] in Chinese No 2, 11 Feb 95 pp 60-64

[Article by Zhang Caiqing (1728 6846 1987), Fu Jiaozhi (0265 2403 2535), and Li Dianping (2621 3013 1627), Commerce and Economics Research Center, Ministry of Domestic Trade: "The Development, Goals, and Strategies of China's Industrial Products Wholesale System"]

[FBIS Translated Text] The wholesaling of industrial products is a focal point of commercial reform and is also a thorny problem which theoreticians and practitioners have long wanted to solve but have not been able to solve. This article studies the competitive industrial products wholesale system (excluding trades monopolized or exclusively managed by the government) which is made up of several interrelated wholesale structures and operational mechanisms and is an organic entity

made up of four subsystems—the industrial product managers system, the commodities system, the exchange system, and the regulation and supervision system—which span the entire circulatory process from production to retail or to the production management units.

### **I. A Fledgling, Modern Industrial Products Wholesale System Is Being Shaped**

#### **A. The traditional industrial products wholesale system has collapsed.**

The traditional industrial goods wholesale system compatible with China's planned economy had strong political, administrative, and planned characteristics: The party and the government centrally managed and administered everything; a single ownership system monopolized management; business-wise, sales and purchases were centralized; financially, revenues and expenditures were monopolized; personnel was hired and fired centrally; companies at the central, provincial, and county levels were managed systematically; the flow of products from factories to retailers basically went from level one to level two to level three stations as set up according to an administrative hierarchy; management districts, objectives, and prices were fixed, and thus were known as the "three fixes." This tight and orderly wholesale system basically controlled production at the top and retail at the bottom. It was the hub of the social reproduction process and the core of the planned economic system. Its existence and maturity was a process that excluded the market economy and played a very important role during the period of economic recovery and development when commodities were scarce.

China's restructuring of the planned economic system began in 1978 and started out in the circulation domain. After 15 years, except for petroleum, medicine, edible salt, chemical fertilizers, pesticides, ground cover, and the sale of tea along the frontier, which are still under the state monopoly or special management or state-set prices, all other commodities are decontrolled. Few products are under state plans; industrial sales are open, and state-monopolized sales and purchases are eliminated together with the "three fixes." The state-owned wholesale management and control system has disintegrated and exists in name only. It is fair to say that, today, the traditional industrial goods wholesale system has collapsed.

#### **B. A new, fledgling industrial products wholesale system is being shaped.**

In the wake of the gradual establishment of the socialist market economic system, civilian industrial product main management bodies, operating mechanisms, and wholesale facilities have undergone profound changes. A fledgling modern industrial products wholesale system is being shaped, and the following are its main characteristics:

1. We already have a pattern of diversity of wholesalers: While the original state-owned businesses and supply

and marketing cooperatives wholesale organs continue to do business, factory wholesale has emerged; many new collective and individually owned wholesalers have appeared; wholesale business is no longer dominated by a single ownership system. Factory wholesale, dedicated wholesale, and retailers dabbling in wholesale are like "three chariots riding side-by-side." A few agents and brokers have also emerged. It is our estimate that the market share in everyday industrial goods of state-owned wholesalers has fallen from more than 90 percent in the past to less than 20 percent today; the dominant force in many trades and industries has shifted.

2. Wholesale exchanges are born as needs arise. With the emergence of public exchanges at the elementary, intermediate, and advanced levels, a new industrial goods wholesale exchange system is born. a) Nearly a thousand industrial goods wholesale marketplaces (including small goods wholesale markets) have appeared. Free circulation in the industrial goods wholesale domain made its breakthrough in the small goods, small production, and rural markets where there was less state interference. Thousands and hundreds of thousands of specialized households separated themselves from among the 240 million peasant households; many of them turned to the production of industrial goods, and they depended on wholesalers for everything from the purchase of raw materials to the sale of their products. Meanwhile, millions of individual retailers and masses of individual second-echelon wholesalers have also emerged. These individual economies characteristically had little capital, low profits, and small business circles, and they did odd-lot business. They needed nearby, low-cost exchange sites that also provided packaging and shipping services. The state-owned industrial products wholesale system ossified and ignored or slighted this huge and very vigorous market. Therefore, during restructuring, and as industries took off, wholesale markets with Chinese characteristics began to emerge. Because of their large number, great variety, low cost, and nominal fees and taxes (generally around 1 percent each,) and because they provide the necessary services, they are full of vitality and have become burgeoning sites where urban and rural wholesale transactions of industrial goods take place. b) Dozens of industrial product wholesale sites (some are known as wholesale markets) have detached themselves from wholesale marketplaces, which nevertheless are just open-air, crude, unstable, and rudimentary transaction sites. The continued expansion and development of wholesale transactions necessarily pose new service demands on the wholesale markets. As a result, some marketplaces have constructed buildings and are equipped with the necessary storage and shipping, room and board, banking, industrial and commercial, communications, information, and other all-weather, complete services and in turn have developed into wholesale sites. Many medium-sized and large sites with transactions worth a hundred million or even a billion yuan have emerged. c) Modern industrial product trade centers have also appeared. They are the product of modern

industrial production and liberalized wholesale circulation and are the sites of advanced wholesale transactions in localities with well-developed market economies. China's industrial product trade centers were born amid government intervention a decade ago, and their number has quickly risen to more than 4,000, but the absolute majority of them are just wholesale enterprises under a new title. A handful of them, such as the Shanghai Industrial Goods Trade Center and the Guangzhou International Trade Fair, have been around for years and are equipped with modern facilities and means. Generally, only manufacturers, major wholesalers, and retail groups do business in these places; they look at samples and place orders or sign futures contracts; there is no cash settlement, and services are complete and comprehensive. These sites have all the basic characteristics of an industrial goods trade center. Because futures markets deal with future contracts and are not places where wholesale transactions are conducted, we have not included them in the wholesale market system.

3. The market has become the main regulatory tool in wholesale circulation. In the wholesale domain, openness has replaced closedness, market regulation has replaced planned regulation, and competition has replaced state monopoly. State statistics show that there are 120,000 registered civilian industrial goods wholesale organizations which employ 1.97 million people. But if we include the factory wholesalers, the small producer-wholesalers, retailers who dabble in wholesale, and other managers, the number may be closer to a million. These wholesale entities engage in intense market competition. Market supply and demand and prices are the main regulatory tools. The government seldom interferes in this competitive circulation of goods, and even when it comes to state-owned wholesale enterprises, its intervention is limited to personnel, labor, and wage administration. The new wholesale system meets basic circulation needs at this stage, but it has its shortcomings: Primarily, the system's organizational structure is unsound, the wholesale enterprises are poorly organized, enterprise scale is improper, the wholesale transaction legal system is unsound, circulation does not meet modern standards, and the state-owned wholesale business is always losing money.

## II. Developmental Trend of the Industrial Products Wholesale System

The next six years will mark an era of rapid rise in the standard of China's productive forces and great improvements in product and information circulation; the people will become relatively well-off, as reflected in their consumption. It will also be an era of gradual establishment of the socialist market economic system and basic formation of a large, unified domestic market; the domestic and international markets will begin to link tracks, and the retail revolution will reach a new height. Because of the surge in industrial production and the huge influx of foreign consumer goods as a result of our accession to GATT, China's industrial product markets

will have an even richer supply of goods, and meanwhile, as the 1.2 billion people become relatively well-off, retail sales will be brisk, which will create a huge demand at the wholesale level; wholesale circulation will reach an extraordinary scope. It is our estimate that the wholesale volume will increase from around 3.5 trillion yuan in 1993 to 12.5 trillion yuan by the year 2000 (based on 11 percent increase in the price index and 9 percent increase in actual goods). China's industrial goods wholesale system will display the following developmental trend:

1. Individual, privately owned, and foreign-funded wholesale businesses will become the new growth point of China's wholesale sector. Rural industry, made up primarily of peasant household economies, is spreading from east to west at an accelerated rate through the masses of villages. Small producer-wholesalers and individual wholesalers no doubt will continue to grow at a rapid pace. The development of individual and private economies will necessarily lead to the brisk development of privately run wholesale businesses. Currently, there are 8.5 million registered individual households with 12.30 million people and 55,000 registered private businesses employing 600,000 people, but there are few wholesalers among them; most wholesalers are mixed among the individual and collective retailers. In the next few years, as commercial legislation strengthens, they will surely reveal their true identity, and the number will greatly increase. Foreign-funded wholesalers will slowly move into the Chinese market after accession to GATT. Foreign-funded, retail-turned-wholesale businesses and the wholesale branch of foreign-funded industries will also continue to grow (up to the end of September 1993, there were 153,600 foreign-funded enterprises with \$50 billion in direct foreign investments).

2. State-owned wholesale businesses will shrink even more: a) Most state-owned wholesale enterprises will continue to be burdened by debts and their retired and on-leave personnel and other problems. b) Basically, the state is the owner of state-owned enterprises, and to preserve and increase their value, the government must interfere in those enterprises in the capacity as owner, but one of the flaws of the government's centralized management is its slow decision-making process, which directly or indirectly contributes to errors as state-owned enterprises try to compete. Ancient and modern facts and facts gathered here and abroad show that state-owned enterprises have less vitality and are less efficient than privately owned enterprises. c) The advantages of state-owned wholesale enterprises in reputation and personnel are dwindling, and meanwhile, the advantage of factory wholesalers as the first-rung, the advantage of wholesale chains in being united, the advantage of individual wholesalers in being versatile, and the advantage of private and foreign-funded wholesalers in having ample capital are increasing. d) As reform of state-owned enterprises deepens, their economic nature will change in whole or in part. Some will become mixed-ownership enterprises while others will turn into collective-owned enterprises after adopting the shareholding system; some



will no longer be what they used to be after being auctioned off; a few will go bankrupt and disappear. Therefore, state-owned wholesale enterprises and their business will shrink even more along with their market share.

3. The factory wholesale system will be perfected. China's hundreds of thousands of state-owned and collective industrial enterprises can take advantage of the huge surplus work force to form a large sales contingent (some experts estimate that to be 10 million strong). In the future, the production enterprises will continue to make use of its personnel potential to move into the circulation sector. Strengthening the factory wholesale organs, improving the sales system, building wholesale facilities, and perfecting the wholesale network will be among the practical measures under priority consideration. In particular, industries that produce goods of high value, that provide strong post-sales services, and generate high profit (such as electrical appliances, cosmetics, small cars, and garments) will find even more enterprises shaking loose wholesalers to perfect their own sales channels. As for the existing and the hundreds of thousands of ever-emerging small producer-wholesalers, as wholesale markets increase and improve, they will abandon the old "traveling salesman" way of making sales. Instead, they will turn to the wholesale marketplaces and wholesale cities to buy and sell goods, and as production becomes modernized and specialized with division of labor, some will gradually turn their wholesale function over to the wholesalers.

4. The supply and marketing cooperatives industrial goods wholesale system will be perfected as it develops. Supply and marketing cooperatives will truly become cooperative economic organizations collectively owned by the members. This is the starting point of our prediction. Reform and opening up, especially the lifting of barriers between town and country, have untied the ropes to allow the supply and marketing cooperatives to develop their wholesale business, and after more than a decade of hard work, the industrial goods wholesale system has begun to take shape (there are 50,000 outlets). In grass-roots cooperatives set up in the villages, the wholesale department which serves individual businesses will no longer be needed, because the latter have turned to large wholesale country fairs and nearby small factories instead, because the consignment and retail shops are shrinking (or turning into large individual contractors) and doing little business, and because the price differential is too small. The supply and marketing cooperatives rural wholesale business will concentrate on the core market towns, especially the county towns. There are 500,000 industrial good retail outlets relying on the 170,000 supply and marketing cooperatives to keep their industries running; they go directly to the factories to stock up goods en masse, keeping the wholesale business in the counties and cities brisk. The central cooperatives (under construction) and provincial-level

cooperatives take advantage of the system and are continuing to strengthen regional, national, and international circulation and in turn are developing into a relatively independent wholesale system. It will become a huge, perfect, publicly owned wholesale channel in China's industrial goods wholesale system.

5. The modern wholesale business and integrated organizations that do wholesaling will undergo dramatic development. In the next six years, to meet the needs of China's production and retail development and of foreign industry and commerce, new kinds of wholesale businesses—such as agents (production enterprise agents, retail enterprise agents, commissioned wholesalers, and import-export agents and so on,) brokers, limited-function wholesalers (warehouse, delivery, and mail-order wholesale) and wholesale chains—will emerge and develop. Developing the existing business conglomerates and groups that have wholesale organs but also do other businesses (such as retail, foreign trade, processing, food and beverage, services, and science and technology) is an important way to improve the organization of China's circulation sector. The emergence of these organizations is the result of enterprises taking advantage of each other's superiority and of their reorganization amid intense market competition. They cater to China's small production and large market and suit the comprehensive development of the Bohai Bay economic circle, the Changjiang Basin economic belt, and the Asian Pacific economic zone; they are full of vitality. Developing the conglomerates and groups is the consensus of those in government and in economic circles.

6. Fewer retailers will dabble in wholesale as they reach saturation. Currently, large retailers account for as much as 15-35 percent and medium-sized retailers account for 10-20 percent of the wholesale business; small retailers and the more than 8.50 million individual retailers also do wholesale business. This is a temporary situation created by the underdeveloped wholesale system and the low qualification standards set for wholesalers. Large retail stores are ranked by their sales volume, and enterprises must go after larger volume, which is also one of the reasons for too many retailers dabbling in wholesale. It is estimated that in the next six years, this situation will change gradually; fewer retailers will dabble in wholesale as they reach the saturation point. The reasons are: a) As the wholesale system develops and retail service standards rise (for example, as the products become standardized and packaged, as wholesale formats diversify, and as commodity ration and delivery centers increase and their service scope expands), there will be less room for the retailers to make a profit by dabbling in wholesale. b) Constrained by traffic congestion in the prosperous regions and by the lack of warehouse facilities and means of transportation, it will be increasingly difficult for retailers to dabble in wholesale. c) As retail business becomes more competitive, in order to plant a foothold in their main business, retail stores must concentrate their manpower and facilities in developing it. d) The introduction of wholesale laws and

regulations may restrict some retailers from doing wholesale business. In short, retailers' wholesale business will shrink as the wholesale system becomes more firmly established.

7. The industrial product mix will change fairly dramatically. In the wake of China's accession to GATT, the share of wholesale of imported industrial goods will increase. As Engel's consumption coefficient falls, the share of wholesaling comprised of food will fall relative to the share of nonfood items. As the people become relatively well-off, medium- and high-grade goods will make up a larger share of the wholesale business while the share of low-class goods will decline. As science and technology attain higher modern standards, modern products will make up a larger share of the wholesale business while the share of traditional products will decline. Among industrial goods, nutrients, newfangled household electrical appliances, cosmetics, home decoration products, and so on, will be the sunrise products of the wholesale business.

8. A complete array of industrial goods wholesale sites will take shape. China's township enterprises (with an estimated 1994 industrial output value of 2 trillion yuan) which are based primarily in the peasant families will continue to grow rapidly to the year 2000 and will spread quickly to the central and western regions. It is estimated that the number of wholesale marketplaces they service will double. Several hundred wholesale marketplaces will become wholesale sites, and some large cities will set up garment, household electrical appliances, foodstuff, and other specialized industrial goods trade centers. The three will gather and distribute different grades of industrial products and will serve businesses of different classes. They will complement each other and penetrate and melt into one integrated body.

9. Operating mechanisms will become even more market-oriented. Reform and opening up are oriented toward the market economy and link up with international economies, so that increasingly the competitive wholesale circulation of industrial products will be organized to follow market order.

10. Management and administrative means will become modernized. As China's economic science and technology standards rise and more foreign and domestic investments are diverted to the wholesale sector, the three kinds of wholly and partially foreign-owned enterprises, large and medium-sized wholesale enterprises, and the wholesale sites will be among the first to adopt modern management and administrative means such as computer systems, warehouse facilities, loading and unloading equipment, and specialized large transportation vehicles. Meanwhile, wholesale business management standards and software development will also improve.

### III. Goals for the Industrial Products Wholesale System in the Year 2000

The ideal competitive industrial goods wholesale system must serve China's socialist market economic system

and give consideration to the environment for developing industrial goods, materials, and information circulation. This system should make speeding up the benign social reproduction cycle, satisfying production and retail and wholesale needs, and increasing social efficiency and profitability its goal. In our opinion, by the year 2000, we should have a preliminary industrial goods wholesale system consisting of diverse participants, which is unified and open, marked by orderly competition, has full facilities, and is highly efficient. Specifically:

1. We should begin to develop a diverse pattern with reasonable mix of participants: By the year 2000, from the point of the functions of wholesale business, there should be a pattern of diversification consisting primarily of factory wholesalers and business conglomerates and groups and supplemented by ordinary specialized wholesalers and combination retailer-wholesalers. From the point of ownership systems, there should be a six-pronged setup consisting of mixed-economy, state-owned, privately run, individually run, collective, and foreign-owned wholesalers. Conglomerates and groups will clearly play the lead role. Many state-owned enterprises will become mixed, civilian-run enterprises responsible for their own profits and losses. State-owned wholesale enterprises will retain their lead status only in a handful of commodities and in some localities, while privately run and individual wholesale businesses will become a major force, because their mechanisms are versatile, they have great vitality, their cost is low, and they have fewer social burdens.

2. The operating mechanisms will become market-oriented while the state makes small adjustments: By the year 2000, the market will become the regulatory tool in China's competitive wholesale circulation of commodities. By then, managers who are qualified to handle wholesale transactions may freely do business as governed by state laws and rules and under the regulation and control of the state's industrial policies. The domestic wholesale market will begin to link up with international commodity markets. State regulation and control will be limited to the use of administrative, monetary, financial, and other economic and legal means; control of the number and the size of wholesale entities and exchange sites; promotion of readjustment of the wholesale system's internal structure; control of the rate of entry of foreign-owned wholesale business into the domestic market; and regulation of the import of industrial raw materials.

3. Wholesale exchange sites will be set up at many levels: By the year 2000, some modern, large, specialized, full-service industrial goods trade centers will appear in some hub cities. Hundreds of intermediate, specialized wholesale sites will spread to localities where the commodity economy is well-developed. There will be more than a thousand rudimentary rural wholesale marketplaces. All these will form a three-level wholesale market—advanced, intermediate, and rudimentary—that

suits China's productive forces of different standards and its wholesale circulation needs.

4. The means of operating a wholesale business will begin to modernize. The management and administrative standards and means of information processing of many modern large and medium-sized wholesale enterprises (such as groups, conglomerates, and ration and delivery centers) will be modernized. The packaging, storage, and rationing and delivery of most commodities will reach the 1980's standards of the developed countries; the circulation of commodities and exchange order at the wholesale level will also begin to link tracks with international practices.

#### IV. Policy Suggestions

To achieve the goals of the new industrial goods wholesale system that is compatible with the country's socialist market economic system, the government should adopt the following policies:

A. Promote the healthy development of the new-born wholesale organs and optimize the diverse structure.

By the year 2000, it is anticipated that the main participant in the competitive wholesale management system will still be the publicly owned economy. It will not be scientific to take 70 percent or 50 percent ownership as the political boundary to maintain the public-ownership system. The proper percentage should be one that meets the needs of a high-efficiency wholesale circulation. This is the key point when formulating state policies.

1. We should support wholesalers in the publicly owned system: The publicly owned economy is an economic format that primarily practices distribution according to work and prevents the kind of polarization that pits the very rich against the very poor. Currently, there are too many mini-wholesalers in China; there is increasing conflict in meeting the needs of large-scale wholesale transactions. It is imperative that we get the wholesalers better organized. Specifically, while the shareholding cooperative system is spreading from the production to the circulation domain, the government should attach greater importance to this new cooperative economic format without overlooking the old cooperative economic format (the supply and marketing cooperatives). Through legislation, by registering enterprises, by adjusting income tax rates, and through bank loans and so on, the state should lend support to the wholesalers to strengthen the state-owned wholesale business.

2. We should set standards for privately run wholesalers: By drawing up and enforcing laws, collective and individual retailers' privately run wholesale businesses should be separated out; they should be registered to make the business above-board and legal; and they should keep separate accounts and be administered as wholesale enterprises.

3. We should develop foreign-funded wholesalers in moderation: Upon China's accession to GATT, foreign capital will find its way into China's wholesale sector. This

will have a positive effect on perfecting the wholesale system and on modernizing the market. But the influx of massive "shipped-in goods" and the entry of foreign-funded wholesalers will undermine China's young and backward national industry and national wholesale business. Therefore, we should emulate Korea and Japan and others and formulate laws to limit the scale and rate of entry of foreign capital and strive to achieve the gradual opening of the wholesale sector.

4. We should promote the development of integrated enterprises that also handle wholesale business: We should have reasonable financial and credit policies to promote the development of business conglomerates and enterprise groups to give play to the guiding role of these large, all-purpose enterprises in the market.

5. We should protect the medium-sized and small wholesalers: We can protect the legal rights and privileges of small and medium-sized wholesalers (including families and partnerships) with laws, and while we make sure that they operate and pay taxes according to the law, we should also set up and perfect the wholesale market and implement preferential policies to support the healthy development of medium-sized and small wholesalers, so that they can always play a unique role.

B. Transform state-owned specialized wholesalers.

1. We need a basic understanding of the transformation of the state-owned, specialized wholesale business: a) State-owned enterprises should gradually pull out of the competitive business. This is necessary in order to achieve proper allocation of state resources and to preserve and add to the value of state properties and is also necessary in order to create the conditions for fair and equitable market competition and develop market vitality. Having state-owned enterprises pull out of the competitive business will not destabilize the market. b) The competitive industrial products wholesale markets have already been carved up; little is left. The 1980's and 1990's marked an era of opening up of the markets and of free circulation, and was also an era of expansion of nonspecialized wholesalers and the dying-out of specialized wholesalers. First-echelon wholesalers and even second- and third-echelon wholesale businesses have been replaced by factory wholesalers and small producer-wholesalers, and the bottom rung of wholesaling is partly taken up by retailers, and meanwhile the supply and marketing cooperatives and other collective and individual and privately run businesses are carving up the intermediate links, leaving little of the market behind. If state-owned wholesale enterprises hang on to their "specialized functions" and "wholesale," their business is bound to shrink and wither away. c) State-owned specialized wholesale enterprises are now run by civilians (enterprises) instead of the state. This marks an essential change and is bound to bring profound internal changes and will in turn alter the nature of the ownership system (small and medium-sized enterprises will be the first to change). Based on the above understanding, it is our



belief that the suggestion of "revitalizing the state-owned wholesale business" and "setting up a new state-owned wholesale business" and the idea of "reorganizing the state-owned wholesale business system" are not practical, nor do they meet the goals of the competitive industrial products wholesale system.

2. State-owned wholesale enterprises should be transformed according to their classification: The overall policy is to make radical transformations. Wholly state-owned enterprises should pull out of the competitive wholesale business, but the decision on withdrawing input of state capital should depend on whether there will be some appreciation in value. a) Most state-owned wholesale enterprises should change to a different system (small wholesale enterprises should switch to the shareholding cooperative system or partnership or the individual economy; some large and medium-sized wholesale enterprises should switch to the mixed economy through the joint operation system or shareholding system), change business (some should turn to retail, food and beverage, or service trades), change format (some enterprises should change to other wholesale formats, such as warehouse wholesale, ration and delivery centers, wholesale chains, mail-order wholesale, agencies, or brokerage companies), be absorbed, or declare bankruptcy (enterprise management departments and local governments should arrange to eliminate enterprises with low profits and poor prospects but which cannot change their system or business or format and enterprises that have more liabilities than assets via absorption, merger, auction, and bankruptcy; bankruptcy should proceed at the same pace as the reform of the social security system). To accommodate a steady transition, there should be some policy distinction among wholesale enterprises in different links. County-level wholesalers may be the first to be consolidated or absorbed. Shops should be set up according to specialization; some may be retailers dabbling in wholesale while others may be wholesalers dabbling in retail. For wholesale companies in the extra-large cities (formally grade-one stations,) the central and local governments should resolutely try to deal with the heavy historical burdens of "triangular debts" and so on, and divide up the large companies into several small, independent units which specialize in certain products and act as sole agents or brokers. State-owned wholesale companies in the provinces and municipalities should turn to production and retail; they should strengthen economic ties with all parties, get better organized, or join some business conglomerates or groups or reach into industry or retail or other trades and launch integrated management. b) With respect to a handful of state-owned wholesale enterprises in special cases (because the local government is brilliant, the department is enlightened, and the market is hot), because they are brilliantly managed, highly profitable, and have good prospects, the local government should stabilize the enterprise leading group and implement the modern enterprise system to promote their development. We can start out with the

conditions of local markets and enterprises to set the developmental direction and strategy of enterprises and choose a suitable enterprise organization format—such as shareholding company, corporation, or group. Or we can meet changes with flexibility and change the system or business as needed.

C. Strengthen macroeconomic management and guidance of wholesale circulation.

To give full play to the market's regulatory role in the competitive wholesale business is a fundamental premise of the market economy. But the market economy is not completely devoid of government regulation and control; to the contrary, the government's macroeconomic management and guidance is necessary in order to have free, open, fair, and equitable exchange, and is an important component in the modern market economic system.

1. We should formulate and improve wholesale circulation laws and regulations. To deal with the wholesalers' lack of clear identity, chaotic transactions, and tax fraud and tax evasion problems, we should promptly introduce some commercial laws, wholesale exchange laws, wholesale market laws, and antitrust laws, and so on, and strictly enforce laws against improper competition, corporate laws, and various tax laws to standardize the ways all types of wholesale entities do business. Today, wholesalers' taxes are in effect higher than the retailers', and it has slowed the development of wholesalers and should be changed.

2. We need comprehensive administration of public industrial goods wholesale sites. To deal with the redundant, excess, and reckless site construction problems, the government should promptly adopt the following measures: a) Formulate wholesale market (trade center) laws and get rid of those wholesale enterprises and other nonwholesale exchange service sites that do not belong in the wholesale market or trade center; the government should manage them according to the law. b) We should make a distinction among international, national, and regional wholesale markets and make different plans for different levels, set a proper pattern, diversify investments, administer sites according to the law, and share management responsibilities to promote healthy wholesale market development. c) We should gather social forces to study the unique nature and the ups and downs of China's industrial goods wholesale markets (trade centers) and adopt special countermeasures. We should undertake key construction projects and perfect the commodities wholesale cities in the cities and towns. With respect to the developing rural wholesale marketplaces, we should follow specific programs and adopt preferential public land-use policies and turn them into wholesale business cities to create a proper system.

3. We should deepen reform and improve macroeconomic regulation and control. The government should foster new regulation and control concepts, amplify the new regulation and control system, and utilize new

regulation and control measures. Specifically: a) We should get rid of the old concept of the planned economic system which puts the wholesale enterprises under direct government management (such as central control, total control, and tight control) and establish an indirect management concept that suits the market economic system. b) Government statistical and other departments should set up a wholesale index system: We need an index of wholesale enterprises (such as number, types, business, and amount of capital,) a wholesale exchange volume index, a public exchange index, and other pertinent indicators. In compiling classified indices, we should put less emphasis on classification according to ownership system and follow international practice to put more emphasis on the wholesale function, scope, conduct, and organization and other standards to provide the necessary and reliable data to facilitate government regulation and control and enterprise decision-making. c) We should set up a system of regulation and control measures that relies primarily on law and economic measures and which are supplemented by administrative interventions. d) While strengthening government regulation and control, we should also set up wholesale business associations and auditing, accounting, consultation, and other intermediaries from the ground up to facilitate the implementation of government regulation and control policies.

### Finance & Banking

#### \*Scholar Views Securities Market Issues for 1995

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[Article by Wang Guogang (3769 0948 0474), Finance and Trade Economic Research Office, Chinese Academy of Social Sciences: "Five Major Securities Market Issues in 1995"]

[FBIS Translated Text] After implementation of financial regulation in the latter half of 1993, the Chinese securities market has become more orderly. Some essential regulations and management systems have gradually been established, and the overall structure of the market is moving in a healthy direction. However, there are still many problems, and some of these tend to become more serious as they accumulate. In 1995, paying attention to these problems and resolving them is a matter of considerable importance.

#### 1. The National Debt: Scale, Bond Issuance, and Trade

Since issuance of bonds began in the nineties, the national debt has played an important role in supporting national finance. In this decade, the scale of issuance has expanded steadily and has shown a tendency to accelerate. Starting from several billion yuan at the beginning, it soon reached several tens of billions, reached over 30 billion yuan in 1993, and broke through the 100 billion

yuan mark in 1994. The accumulated balance of treasury bonds has now reached about 280 billion yuan. In 1995, repayments of principle and interest will be over 70 billion yuan. From this, some estimates are that in 1995, treasury bond issuance will be between 150 and 180 billion yuan. Treasury bonds are at present the category of securities with the biggest issuance volume in China (calculated by face value). The treasury bond situation significantly affects the entire securities market. In recent years, it has been snowballing and really demands our attention. This is because, while issuance of treasury bonds acts directly as financial income, it is beneficial to easing current difficulties with fiscal balance, and the issuing income of treasury bonds is characteristically "using tomorrow's money today." If the amount issued and the accumulated balance are too large, it will add a heavy burden to the future financial balance. When the state's finances make waves, there will be serious consequences for the entire domestic economy.

Of course, accelerated expansion of treasury bond issuance has something to do with the annually increasing repayment of principle and interest; however, it is more important to make up the fiscal balance shortfall and reduce the fiscal deficit. In recent years the deficit has been growing larger, and the gap between revenues and expenditures has increased. Although this is related to inflation, which has caused increases in administrative, institutional, and defense expenditures, the most important problem lies not here, but in the expansion of the scale of investment in fixed assets. Each year, over 1 trillion yuan is spent on construction, including a considerable amount that is invested from state finances. In circumstances where it is difficult to balance revenues and expenditures, the state puts a heavy burden on itself by putting a large amount of capital into fixed-assets construction; I am afraid this is not a wise decision. In order to alter the fiscal indebtedness situation (treasury bonds are actually evidence of the state bearing a debt) and reduce the financial burden, in the new year we should consider moving some construction projects originally proposed for financial investment to social investment. We can even choose the social investment form for some projects in the infrastructure, energy, and transportation, etc. One important point is that when a huge amount of surplus capital exists in society, and its usage cannot be resolved completely through savings deposits alone, it must be dealt with by the creation of wider channels. Historically, the first railway line was built through joint-stock investment; under the current circumstances, China can also construct some large or super-large projects through joint-stock investment. It will also be beneficial to fostering people's investment awareness and behavior over the long term.

The treasury bond issuance of 1994 changed the difficult situation of 1993. There are multiple reasons for successful issuance, including the adjustment of the bond structure, the repayment method, changes in method of issuance, enthusiastic marketing by each financial institution, etc. But two other things worthy of our attention

are: first, in the treasury bond issue, the policy stipulates that interests on other forms of collecting capital (for example, enterprise debt and saving deposits, etc.) can not go higher than the treasury bond interest in the same term; and second, during the treasury bond issue period, the issuance of financial debt and enterprises almost stopped, with the stock market in a depressed situation. These two situations had the effect of "forcing water into the tunnel." In the next several years, if treasury bond issues continue in this way, it will be worthwhile to look at this policy. First, when we speak of the risk involved with each kind of debt, treasury bonds have the lowest, then the financial debt, with enterprise debt highest. According to the principle of profits versus risk, the interest rate mix should also put the treasury bond lowest, financial debt second, and enterprise debt the highest. However, the policy stipulates that interest rates on other means of collecting capital can not be higher than the treasury bond's; this does not fit the general theory of the security market, making it difficult to issue financial and enterprise debt, while readily creating other problems.

For example, in order to issue stock, some enterprises have to risk violating discipline, implementing such preferential methods as extending "subsidies" and "discounts," which actually raises the interest rates on their stocks. Some local governments support such behavior by enterprises. Second, measures to stop temporarily the issuance of other capital collection in order to issue treasury bonds are abnormal. Although it is favorable to successful issuance of the treasury bonds, it is not good for financial arrangements in related financial institutions and enterprises and capital operation, and it is unfavorable to normal securities market operation; therefore, it is not a long-term strategy. Finally, this method of forcing treasury bond issuance through policy is unfavorable to improving the reputation of treasury bonds among the public and damages the status and reputation of the treasury bond market. In the next several years, we must stress further regulation of the treasury bond term mix, interest rate mix, and issuance method. Regarding the term mix, in issued treasury bonds, too high a proportion are long and medium term, while too few are of half-year and one-year terms, and none have a three-month term. Therefore it would seem to be reasonable to issue more half-year and one-year term treasury bonds during 1995, and to issue some three-month term bonds on a trial basis in order to encourage a better term mix of treasury bonds. Regarding the interest rate mix, with regulation of the treasury bond term mix, the interest rate mix should also be regulated, especially considering the changed price rise index, and the interest rate mix must be more flexible and reasonable. Regarding the issuing method, with regulation of the term mix, we must gradually implement a rollover type of constant issuance instead of each year's "campaign-type" intensive issuance method; while face value issue will remain the primary form, we

should at the same time conduct an appropriate trial of premium or discounted issues, developing pluralized issuance methods.

In 1994, the treasury bond exchange took an important step. The volume of treasury bond exchanges in several securities exchange institutions and securities exchange centers will reach several trillion yuan, and this is of positive significance to promoting the circulation of treasury bonds, improving their status and influence in the securities market. It is also favorable to promoting treasury bond issues in 1995. However, the current treasury bond exchange is done chiefly among institutions (especially financial institutions), and the exchange subjects are chiefly nonpaper treasury bond, while the paper treasury bonds spread among the people are rarely exchanged. To further expand the treasury bond exchange market, improve its degree of activity, and promote the function of treasury bond issue, we must pay attention to resolving three problems: One, we must promote operation of the central bank's public market business; two, we must explore network sites for treasury bond counter and nonpaper exchanges, simplify procedures, and regulate the face value of each issue to increase public participation in treasury bond exchange; and three, we must improve the treasury bond exchange's power to publicize and release information.

## 2. Stock Issuance: Policy and Behavior Selection

The issuance of stock (social public stock) has attracted a considerable amount of attention. Since 1992, issuance has not been normal, in that there have been constant interruptions. Among these, there was the cessation that occurred about one year after the "August 10" incident in Shenzhen in 1992, and didn't start again until August 1993, with the issuance of stock in Qingdao Beer. On 29 July 1994, the Securities Investigation Commission and other departments stipulated once again that the volume of stock which had not been issued during 1993 and 1994 would not be issued in 1994, which brought issuance to a halt for a while. In 1995, corporations planning to issue type A stock will conduct six months guidance in system alteration; if treasury bonds are also to be issued, the issuance of A stock can probably be carried out in the second half of the year. Constant interruptions in the issuance of A stock is not beneficial to normal development of the securities market; meanwhile, it will reinforce the rush of some areas and enterprises to "catch up with this train," so it must draw a high degree of attention.

Looking back at the A-stock issuance of the past two years, because of the adoption of the A-stock issuance policy of a planned quota which "divides the plate," some localities chose the method of putting more units into the market to "minimize" the number of corporations issuing stock in order to resolve the contradiction of high demand and low quotas after quotas are determined. On the other hand, some A-stock issuing corporations tried to obtain the quota before issue, made up an



investment plan, and once stock was issued and the capital was received, it happened that the capital stayed on the books, making it hard to put it into use in a timely manner; meanwhile, some domestic economic bottleneck industries (for instance infrastructure, energy, transportation, etc.) are urgently in need of investment because their shortage of capital makes it hard to engage in efficient construction. At present, of the more than 200 corporations on the market of the two securities exchange institutions, many are not representative of national or even regional industry. The unspectacular trend and short-term behavior of the stock market is, to a great degree, directly connected to the existence of small and medium-sized share stocks. Proposing the issuance of A stock in accordance with industry policy is an issue we must pay attention to in 1995 issuing work. Therefore, A-stock issuing in 1995 should tilt toward such industries as the infrastructure, energy, transportation, and high technology in order to promote a more reasonable and perfect mix of industrial sectors. Second, it must tilt toward large and medium-sized enterprises, pay attention to economies of scale to promote a more reasonable and perfect industrial organization and improve economic efficiency. During this process, some policies and stipulations must be supplied and completed. For instance, according to current stipulations, enterprises wanting to issue A stock must have a record of profits for at least three consecutive years; this may have a negative effect on the issuance of stock in construction projects, or those in the infrastructure, energy, transportation, etc. Hence, we need to discuss and study implementation of an industrial stock issue system and authorized capital system, stipulating relevant regulations or policies.

For A stock, at some time in 1993 and 1994 we adopted such issuing methods as a "lottery system" [chou qian biao 2132 4687 5903], "deposit certificates" [cun dan 1317 0830] and "price competition" [shang wang jing jia 0006 4986 4552 0116], which have played positive roles in guaranteeing such things as issuance not causing social problems, gradually reducing issuing expenses, etc. However, it has not resolved issues concerned with where issuing income goes. Under the "lottery system" method, income obtained from one stock issue could be as high as 500 million yuan and more (for example, the Qingdao Beer issue), and the lowest could be as much as several tens of millions of yuan. Under the "deposit certificates" method, the processing fee income from the issuance of one stock could reach several tens of millions of yuan. Therefore, the income from issuing more than 100 stocks can reach several billion yuan. A portion of this income goes to pay various expenses (for instance, printing relevant invoices and receipts, purchasing issuing facilities and paying the labor costs of people involved, etc.); a portion becomes the issuing income of sales agents, and the majority is turned in to the state treasury. At the beginning of 1992, Shanghai clearly pointed out that revenue from issuing purchasing licenses would be used for public affairs when it first

adopted the method of purchasing licenses. But the result of practice during 1993 and 1994 made it a part of the revenue source of finance and security agents, and this does not make sense. Since China still has many areas which are impoverished, with children not in school, funds for "Project Hope" are still very short; at present, quite a few cultural, educational, and health care and scientific institutions are seriously short of funding, and some public affairs institutions (for example, museums and libraries) are hard to maintain since funding is so short, and we should consider using revenues from the issuance of A stock (after subtracting normal costs) on these things. This will improve the government's image while easing the financial difficulties these things are facing. Meanwhile, we must pay attention to financial audits and how revenues raised by the issuance each stock are used, as well as make this sort of financial audit and revenue usage public in order to prevent any malpractice.

### 3. Directional Funding Company: Status, Future, and Market

From 1992 to June 1994, according to "Ideas on Regulations of Joint Stock Corporations Limited," in trial promotions of the enterprise joint-stock system, over 4,000 directional funding companies have been organized and established throughout the country and have issued over 100 billion yuan worth of legal person shares. The "Corporation Law" went into effect on 1 July 1994. Since the "Corporation Law" stipulates that a limited joint-stock corporation has but two forms of funding, original and social public funding, therefore, it becomes a question of whether the directional funding companies have legal status. Second, there are usually two forms of investment in the purchase of directional funding company legal person shares. One of these is organizational purchases. Some legal person organizations purchase legal person shares with their own capital or loans. Their original plans were for these legal person shares to get into circulation quickly, and they would recover their capital as well as make some profit; they did not expect to be in a deadly "locked in" situation. When finances are tight and capital in short supply, this sort of "lock" makes it difficult for enterprises. The second form is individual purchases. Some individuals purchase legal person shares in the name of the legal person, by means of funding or other channels. Although most of them are not urgently waiting to use the money, they are not afraid of a capital "lock," the unstable status of the directional funding company, and the unpredictable future for the legal person share. In addition, since they purchased shares under the name of legal persons, there is always the question of illegality and worry about the legal shares on hand. At present, institutions holding legal person shares are numbered in the tens of thousands, and individual holders in the millions (some believe there are more than 10 million). The uncertainty of these institutions and individuals bring huge pressure to bear on local governmental departments (especially system reform committees) and directional funding companies. The

longer resolution of the status and future problems of directional funding companies is delayed, the more and deeper the cumulative contradictions will be, and the bigger will be the other social problems created. Therefore, in 1995, we must pay attention to how to ease this problem. From a policy angle, it is inevitable that we consider steps to resolve this problem. Its internal mechanism is that while the implementation of directional funding companies was proposed as a reform measure at one time, today they have lost their legal status, so we should make new arrangements in the system; otherwise, it is unreasonable.

In addition, there is another trend worthy of our attention. Some overseas capitalists who had at one time planned to invest in China by purchasing state-owned enterprises and marketed corporations, etc., have now shifted their targets to directional funding companies. They realize clearly that many institutions and individuals are anxious to transfer the legal person shares they have on hand. They can lower the price by exploiting the purchasing side's advantageous situation, i.e., by purchasing directional funding companies at a cost obviously lower than the value of their projects or by purchasing state-owned enterprises or marketed corporations at costs lower than the net assets of each share, etc. Also, among a large number of directional funding companies, there are some enterprises with good achievements and bright development prospects. These could also go onto the market at some time in the future, creating a situation of one action having multiple consequences. The occurrence of this sort of purchase, while helping to ease the pressure put on directional funding companies and government departments by institutions and individuals holding legal person shares, from the standpoint of property relationships will inevitably cause capital to be lost in China due to the low priced transition. Some people, foreseeing this, have advocated adopting policy measures which limit and even prohibit foreign capitalists from purchasing legal person shares. But this sort of policy cannot be an effective solution of the problem. This is because, first, should the direct purchase of legal person shares by foreign capitalists be brought under control, they will just purchase these shares indirectly. We must be aware that in this kind of transaction both parties, buyer and seller, have the same interest, and there are many ways in which they can make the transfer. Second, the crux of the problem is not whether foreign capitalists purchase legal person shares, but rather how to handle these shares in the future. "Blocking" is merely an action which handles the objective; the fundamental issue is how to handle things fundamentally, how to open channels. Therefore, "blocking" is not the right way to go.

To resolve the problems of directional funding companies and their legal person shares, we should seek truth from facts, respect the objective realities and supervise according to the situation, digging a canal to draw water. As for the first part, since many of the directional funding company legal person shares are purchased by

individual investors, many people are concerned about the "wrong title," so it would be best to respect this objective reality, and for those shares purchased by individual investors, directly issue shareholding rights certificates bearing individual names and identification numbers to calm these concerns. Although this sort of action does not match up with the policies of the last couple of years (for instance, policy stipulates that legal person shares may only be purchased by legal person work units), it will, first of all, stabilize one party, and relieve many contradictions which have occurred and may possibly occur. Second, talking about the nature of shares, it does not violate the artificial line which separates shares into state shares, legal person shares, and individual shares, which actually it is good to break anyway. Third, because no more directional funding companies will be established, there will be limits on the issuance of legal person shares, thereby divulging the portion of individual investment among legal person shares, and preventing further new disorders.

On the second matter, the "Securities Law" still had not been discussed and passed in 1994, but there is a trend to announce and implement it in 1995. The "Securities Law" will stipulate the basic mix of the securities market in the overall layout of Chinese securities market development; among other things, it is inevitable that it will acknowledge the legal status of the external securities exchange market and the counter exchange. Therefore, the legal status of securities exchange centers (or property rights exchange centers) that are now established in other areas will also be acknowledged. These securities (or property rights) exchange centers need to have their own regular exchange varieties, and each local government will put into the exchange center some directional funding company legal person shares which are efficient and of high quality in order to ease the contradictions in implementing market exchange. Against this background, if we "block" the road with policies, the result will be a series of serious conflicts; therefore, it would be better to supervise according to the situation and open the channel to draw water, directing the future road to guide the funding companies' share circulation. To do so we need a series of policies and regulations to support such activity, and so we should now be engaged in serious study.

The establishment of outside exchange centers will break the lines which distinguish among state shares, legal person shares, and individual shares, and allow directing funding companies to change into social funding companies as the process is further regularized. Meanwhile, it will also help to perfect the mix of the Chinese securities market, and let corporations in the market be challenged by corporations not in the market, exchanges in the centers compete with exchange markets outside the centers, and therefore promote the further maturing of the securities market.

#### 4. Investment Funds: Regulated Selection and Intelligence Mix

Investment funds (also called investment trust funds) are an important financial tool in the securities market. People had hoped that 1993 (and later 1994) would be the "fund year." At present, over 100 Chinese capital and joint-venture funds have applied for approval, with designated face value in excess of 20 billion yuan. In 1995, a certain number of funds may be approved to issue.

Looking at the more than 60 investment funds issued in the past more than two years, there are several phenomena which demand attention: First, when there is an issuance, people initially rush to buy while confusing funds and stocks as the same thing, and later on their attitude changes to one of wait and see regarding the purchase of funds; second, people usually know something in general regarding the project operations of companies in the market in which they hold shares, but many are not so clear about the use of marketed funds; third, each unit market price of a fund can differ greatly from each marketed stock's share price, and can even fall below face value. This phenomenon occurs for various reasons, but explains one problem, that investment funds have not effectively established their credibility and recognition among the public. When establishing new funds special attention must be given to promoting social credibility and improving their recognition and curbing the tendency to regard establishing investing fund as merely another "money raising campaign." This requirement is important to fund advocates and fund management companies, as well as to policy selection.

In setting up a fund, its scale must be defined. At present, the scale of domestic funds which are already in operation and waiting approval could be as large as 20 million yuan or as small as several thousand yuan, which is fairly small compared with overseas funds. Looking at the details, what kind of investments can we make on the scale of several thousand to 20 million yuan: 1) The securities market. In China's securities market, the face value of circulating stock and treasure bonds has gone over 300 billion yuan. Even if we assume that all of a particular fund is put into the securities market, the input of 10-20 million yuan will be only a drop in the ocean. 2) The materials industry. At present, the investment required to construct a reasonably tall building in any large and medium-sized city is more than 10 million yuan (several tens of million yuan for one of a larger scale). If a fund put all of its 10 to 20 million-yuan capital into the construction industry, then the capital will be "frozen," making it hard to develop capital operation and an investment organization. 3) The infrastructure and energy sources. Construction in such areas as railroads, highways, power and energy, etc., are universally known as long-term investments. These cannot be undertaken with 10 to 20 million yuan in capital, not to mention the time required to realize gains. 4) Industrial investment. With the further development of high technology and market competition, scale economy is

becoming increasingly outstanding. Even in such industries as household electronic appliances, textiles, paper manufacturing, etc., building a new enterprise often starts from 10 million yuan, to say nothing of costs in the raw materials and manufacturing industries. Therefore, even without mentioning such prerequisites as technology, a market, intellectual talent, and the construction term, just the scale of investment alone makes these something no one fund can assume alone. 5) Purchase and merger. Purchasing or merging existing enterprises by using the capital of funds or joining stock shares of state-owned enterprises or joint-stock system enterprises is one means of fund investment, as well as an important means of furthering the building of a modern enterprise system. But if large or medium-sized enterprises suffer losses or low profits and have a huge asset scale, the marketed enterprise shares will be too high in number, and cannot be purchased or incorporated by a single fund. Although many small enterprises (including township enterprises) and directional-fund-raising corporations can be purchased and incorporated, for funded investment, opportunities are limited.

When publicizing and introducing itself to the public, an investment fund will stress repeatedly that it can achieve the best combination of investment to avoid risk and obtain the best efficiency. However, the too small scale of funding makes this sort of "promise" hard to fulfill. There are two reasons every fund failed to be designed on a large scale: One is worry that too large a scale would make it hard to pass examination for approval; two is having insufficient control over such issues as the fund's investment direction, functional effects, market situation, and investing combination. The first could be resolved through some policy adjustment. First of all, the scale of each Sino-foreign joint venture currently approved is in general between \$10 to \$50 million (the scale of funds to prepare for application for establishment is still on a scale of \$1 billion). Since Sino-foreign joint venture funds can reach such a scale, then the Chinese capital fund should logically be bigger. Second, the size of the scale is a problem that can be discussed; the key is whether we have the ability and the people of talent to protect fund operations and investor rights and profits, and present this in the approval application documents scientifically, feasibly, and credibly. As for the second reason, it requires the fund providers and fund applicants to furnish more detail and further study and plans for planned funds, overcoming the simplified trend to set funds to collect capital.

Funds describe themselves as "made up of experts of all types, who are the agents of the mass of investors in investing to seek maximum efficiency." But among established funds and funds awaiting approval, there are, on the one hand, few operators who can truly be termed experts or professionals, while on the other hand, those experts and professionals who do exist are very limited in their familiarity with society. This is one important reason why there is such low recognition of funds in society. Without a skilled and convincing professional



team, it is hard for a fund to operate in a healthy way and have a bright future. Therefore, in the policy, we must make some basic stipulations about the intellectual quality and mix required of fund-managing companies. On the other hand, for the convenience of evaluating and controlling, the fund-managing companies must pay attention to absorbing and recruiting talent, introducing their own operating experts to the social public and making the public at large increasingly confident in the funds by means of having knowledge of these experts.

#### **5. Inspection: Disclosure of Information and Fair Judgements.**

The securities market is at the forefront of the construction of economic markets and faced directly with several tens of millions of investors, plus it has a high degree of association with profits. One bit of news can immediately cause gains or losses in the profits of several hundred thousands, even a million people; therefore, there is a very high degree of sensitivity to policy and information. For more than two years, in order to strengthen management, inspection, and checking of the securities market, relevant government departments have issued a series of regulations and systems, which have played a positive role in regulating securities market operations and pushing the maturity of the securities market. But meanwhile, there also exist some factors needing further improvement and completion. First, the coordination and support of policies. Just as with government departments, the operation of a securities market covers a wide scale. It involves more than 10 ministries and committees, including the Securities Administration Commission, Securities Inspection Commission, Planning Commission, the People's Bank, the Ministry of Finance, the Economics and Trade Commission, the Bureau of Taxation, and the Bureau of State Assets. Each department often easily strikes out on its own in stipulating relevant policies; therefore, if we stress coordination among policies, it will be easy to have contradictory policies, which will affect the work of other departments and will also make it hard for many organizations and individuals to choose their own behavior in the securities market. Take for example the 29 July 1994 decision by the Securities Inspection Commission to temporarily halt the issuance of stock and the financing of some security agents. On the one hand this affected 1994 stock issuances which each locality affected had prepared for, making relevant enterprises already finished with asset evaluation and financial auditing work ineffective. On the other hand, it affected the continued implementation of separate management policies for bank and securities businesses. For another example, concerning internal employee stocks, in the 1992 "Decision Regarding the Regulation of Joint Stock Corporations," internal employee shares of directional collecting companies can constitute 20 percent of the total number of shares; but in the current internal employee stock management methods issued in April 1993, it was stipulated that this could not exceed 2.5

percent, while internal employee shares in public companies may constitute 10 percent of public shares. In 1995, a series of laws, regulations, and policies concerning securities management will be issued, and these will effectively improve the links and coordination between these and existing policies and stipulations, preventing contradictions and gaps. These are problems seriously in need of resolution.

Second, the completion and timing of information disclosure. In securities market, a great deal of information concerning the behavior of government departments, marketed companies, securities, and other intermedia institutions, are communicated to stockholders and investors. Information disclosed fully, promptly, and correctly can affect investor interests, each party's behavior, the degree of coordination, and the authority of policies. Since 1993, information disclosed concerning the securities market has improved a great deal compared with the past, and there has been a considerable increase in the degree to which investors devote their attention to following information found in such major newspapers as ZHONGGUO ZHENGQUAN BAO and JINRONG SHIBAO. However, there are also some problems urgently in need of resolution: 1) the problem of candor in information disclosure. Information disclosure should not just disclose information; it serves the function of disseminating information among the public, so there must be every effort to guarantee that the information disclosed is accurate, and we must look into the responsibility of information providers when there is incorrect and even deliberately misleading information. For example, at the end of 1993, in one enterprise's "Share Participation Instructions" and "Marketing Report," with a difference of only one day in the signing date and more than a month's difference in newspaper reports, the figures shown differed by as much as several million yuan; in the "Share Participation Instructions," 1993 profits were given as more than 10 million yuan, while in the "Marketing Report," it was just listed as several million yuan. Regarding such behavior, we must seriously look into just who is responsible. 2) The fairness issue in information disclosure. The securities market stresses "openness." Information disclosure is an important reflection of this "openness," but we must also pay attention to fairness in information disclosure. At present, our information disclosure focuses on positive publicity: we report and discuss little concerning irregular behavior in the securities market and among marketed companies, and this does little to bring monitoring and limiting role of the news media into play, nor does it benefit the regulation of marketed companies, intermedia institutions, and investor behavior. Therefore, in 1995 information disclosures, we must pay attention to strengthening the societal monitoring function of the public media. 3) The timeliness problem in information disclosure. Information itself is very time-sensitive, and as time passes information changes too, with changes in the practical uses of that information. In over two years, we have not completely

resolved the problem of information timeliness. A typical example of this phenomenon is some marketed companies frequently delaying release of their annual financial reports until the following May, June, or even the second half of the next year, with a few individual companies not even releasing them at all. Another typical phenomenon is some marketed companies publishing favorable information about their companies very promptly, but repeatedly delaying the publication of unfavorable information or even not publishing it at all. Strengthening the timeliness of information disclosure is work we should stress in the next several years.

Third, market inspection and judgement. The securities market is a place with high risks and high returns; it can be very flexible, but also is easily exploited by some individuals. Therefore, inspection and monitoring are extremely important. Inspection and monitoring not only require laws and regulations, but also require highly qualified inspection teams. At present, our inspection force is too weak; the problems include shortages of personnel and their having limited powers and means. Second, we must be fair in making judgements in inspection. In 1993, we stipulated that stock issuance must be for the entire nation, but some individual areas only allowed purchase by people with local identification; at the beginning of 1994 we issued regulations concerning share selection for marketed companies while some individual areas and enterprises allow share selection to exceed the regulations; matters of this sort reflect a lack of fairness in making judgements. An unfair judge will greatly reduce the seriousness and power of inspection and management, which is bad for the orderly operation of the securities market. Therefore, the work of supervision and inspection in 1995 must pay attention to improving the fairness of judges.

### Foreign Trade & Investment

#### Over 6,000 IPR Cases Heard in Past Decade

HK0105154395 Beijing ZHONGGUO XINWEN SHE  
in English 1340 GMT 1 May 95

[FBIS Transcribed Text] Hong Kong, May 1 (CNS)—China has in recent years strengthened execution of law for protection of intellectual property rights (IPR). During the past ten years, more than 6,000 cases were heard by the law courts in China and verdicts have been passed on about 80 percent of the cases, said Zheng Songyu, General Manager of China Patent (H.K.) Ltd.

Speaking at an interview with CNS reporter, Zheng said that although China and the USA have arrived at an agreement over the IPR issue, many people are worrying how the agreement will be brought into effective action. At the recent "Tenth Anniversary of the Promulgation of the Patent Law in China", held in Beijing on April 1, 1995, representatives from local and foreign IPR agencies shared the opinion that although there is a complete set of IPR legislations existing in China, there is also

much to be done, especially in the area of law enforcement to facilitate IPR protection.

China is very concerned with punitive measures upon persons violating IPR, continued Zheng. During the past ten years, the courts in China have dealt with more than 6,000 IPR dispute cases. Among these cases, copyright cases accounted for about 30 percent, trademark cases 20 percent, patent right 10 percent and the remaining 40 percent involved in unfair competition.

Zheng reiterated that China is deeply concerned with IPR protection and will not hesitate to impose heavy punishment on the wrong-doers. Since 1993, IPR tribunals have been set up in provincial people's higher and intermediary courts, and it has also been decided that IPR tribunals be set up in the people's supreme court too. Such a move will definitely facilitate speedy trials of IPR dispute cases and benefit the judicial system in China as a whole.

Zheng added that now there are more and more Hong Kong, Macao and overseas investors applying for patent rights and trademark registration in China. In 1994, the total number of applications received from overseas was almost 9,900, up by 10 percent as compared with the previous year, while the number of applications from Japan alone increased by 50 percent.

#### Nanjing Seizes Pirated Audio Tapes, CD's

OW3004115695 Nanjing XINHUA RIBAO in Chinese 9  
Apr 95 p 3

[Report by Shen Ying (3088 5391)]

[FBIS Translated Text] Following the showing of the television series "Slaying of the Dragon with Heaven's Help," the Jiangsu Audio and Visual Publishing House invested a large amount of money and arranged with the "Rolling Stone" Record Company to market "Slaying of the Dragon With Heaven's Help" music tapes. No sooner had the music tapes enjoyed brisk sales on the market than many pirated copies of the "Slaying of the Dragon With Heaven's Help" appeared on the audio-visual market.

On the afternoon of 7 April, the Audio-Visual Management Section under the Provincial Radio and Television Department, together with the Nanjing City Public Security Bureau's Security Corps, raided eight audio-visual stores and stalls in the Southern District of Nanjing City. They seized five different versions of the "Slaying of the Dragon with Heaven's Help" in 320 cassette tapes and in 391 CD's. These pirated cassette tapes and CD's were poorly manufactured and were of very low quality.

It is learned that the Provincial Audio-Visual Management Section will impose heavy fines on the owners of stores who sold these pirated audio tapes and CD's. It will also further trace the origin of the seized audio tapes and CD's.

### **Merrill Lynch Applies To Open Investment Firm**

OW0205085795 Beijing XINHUA in English 0827  
GMT 2 May 95

[FBIS Transcribed Text] Beijing, May 2 (XINHUA)—The largest U.S. securities firm, Merrill Lynch, has applied to Chinese departments concerned for opening an investment firm in China shortly after the Chinese government officially gave the green light to overseas firms a few days ago.

Daniel Tully, Chairman of the Board of Directors and Chief Executive Official of the U.S. firm, told "CHINA SECURITIES" newspaper that Merrill Lynch is seeking a Chinese partner to set up a joint-venture investment firm.

Such cooperation will prove beneficial to the Chinese capital market as well as to my company, said Tully, adding that he believes that China's securities market is moving forward, though with twists and turns.

According to regulations of the Ministry of Foreign Trade and Economic Cooperation (MOFTEC), overseas-funded investment companies will be allowed to invest directly in industry, agriculture, infrastructure, and energy. They can also provide consulting for other investors, or provide other services.

Merrill Lynch, which opened an office in Shanghai in March 1993, has helped raise five billion U.S. dollars in international funds for Chinese government departments, financial institutions, and enterprises.

China first allowed foreign investors to establish investment firms on a limited basis in 1982.

MOFTEC sources said that more than 20 foreign investors from the United States, Japan and some European countries have been seeking approval from the Chinese authorities to set up investment firms in China.

### **Harbor Project With U.S. Planned**

OW0205031695 Beijing XINHUA in English 0207  
GMT 2 May 95

[FBIS Transcribed Text] Nanjing, May 2 (XINHUA)—Chinese maritime scientists here announced the discovery of an immense sandbank on the seabed in the south part of the Yellow Sea.

With a total length of 20 km from north to south and 100 km from east to west, the sandbank is located along the coast of eastern Jiangsu province, according to Prof. Ren Mei'er, honorary director of China Maritime Academy, who explained that its largest depth on the outer fringe reached 20 meters.

With a unique shape and almost 20,000 sq [square] km in size, it is the only sandbank on a seabed that has been discovered in the world, according to Ren.

He explained its formation as being the enormous amount of sand that pours into the sea by the Yellow and Chang Jiang Rivers.

Because of several islands and shoals that have emerged, and an observatory has been established on Dongsha Island, the largest one, the Chinese territorial water had been extended eastward 20 km, Ren was quoted as saying.

More than a potential land resource, this radiating sandbank also provides many deep tidal channels, with the deepest 30 to 40 meters. This deep water could allow China to construct some big harbors, according to sources.

Local authorities have decided to construct a deepwater harbor with a capacity of 200,000 tons for oil tankers, a Sino-US co-operative project, a natural gas power station, which involves a total investment of 2.4 billion US dollars.

### **Commentator on Change in Trade Management**

HK0105142995 Beijing JINGJI RIBAO in Chinese 13  
Apr 95 p 1

[Commentator's article: "New Topic in the New Situation"]

[FBIS Translated Text] The Development Research Center under the State Council, the Ministry of Chemical Industry, and this newspaper have jointly held a high-level symposium on "trade management," focusing the discussion on how competent departments of all trades—under socialist market economy system—make the transition from departmental to trade management. This is a new topic in a new situation which is worthy of our efforts to investigate, analyze, and study, so as to constantly sum up experience from practice and blaze a new trail.

Why do we now have to suggest that a competent trade department gradually should shift from departmental to trade management? We believe that it is determined by the following factors.

First of all, this is required for the establishment of the socialist market economy system. The socialist market economy system is a brand-new economic system that is different from the old planned economy system. As its establishment is a transformation and adjustment in the relations of production, it is bound to be accompanied by reform in the superstructure. Since changes are taking place in our country's economic base, the superstructure, which suits the needs of the economic base, certainly must make a corresponding change. In terms of quantity, such a change must be a streamlining and merger of organizations; in terms of quality, it certainly is a transition from the old departmental management to the new trade management. Without a coordinated reform in the superstructure, it is impossible to establish the socialist market economy system.



Second, this is necessary for changing the functions of the government. In light of the great changes in our economic system, governments at all levels—and competent government departments at all levels—naturally must include the change of their functions on the agenda. In light of the practice of our economic reform in recent years, we have taken a crucial step in market-system building in which a large framework of production elements markets—such as means of production, labor force, technology, information, and finance—has taken initial shape, with some markets already well-developed. In view of the progress in enterprise reform—from the initial stage of decentralization of power and transfer of profits, and the replacement of profit delivery by taxes, to experiments in the contract system and shareholding system and to the establishment of a modern enterprise system put forward by the Third Plenary Session of the 14th CPC Central Committee—the direction and the road of enterprise reform have been clearly defined. As for the establishment of the government's macroeconomic regulation and control system, our pace seems slow in this respect because of complicated situations and arduous tasks. This has become a restrictive factor in accelerating the progress of economic reform as a whole. The formulation that "if the functions of the government do not change, it will be difficult to change enterprise mechanisms" is precisely the people's call for an accelerated pace in this reform. All government departments should try to complete the transition from departmental to trade management as soon as possible, as it is what is needed for a change in the functions of government.

Third, this is needed now in order to run state-owned enterprises well. As mentioned above, the idea and direction of our state-owned enterprise reform are clear-cut. However, if the competent departments at all levels fail to realize the change from departmental to trade management as soon as possible, it will be difficult for enterprises to develop and undertake great plans under the limitation of "too many bosses" who fail to separate the functions of the government from those of the enterprises. On the one hand, the enterprises are more or less subject to competent departments at all levels in terms of production, supply and marketing of products, personnel, finance, and property, and are affected by various unnecessary interference. On the other hand, it is difficult for enterprises to get timely and accurate industrial policies, trade information, and market trends from the competent departments. All this information is needed urgently, and yet is not available to them as individual enterprises at the time. As no clear distinction has been drawn in their responsibilities, some competent departments have "cultivated other people's (enterprises) fields, but neglected their own (trade) land". To invigorate state-owned enterprises, it is obviously unworkable not to accelerate the change from departmental to trade management.

The shift from departmental to trade management is really a new topic. A new topic naturally faces many new

problems and contradictions. The symposium we hold serves only as the beginning of an essay; more arduous tasks lie ahead.

### **Debao County Becoming Largest Perfume Exporter**

*OW0205031795 Beijing XINHUA in English 0226  
GMT 2 May 95*

[FBIS Transcribed Text] Nanning, May 2 (XINHUA)—Debao County, in south China's Guangxi Zhuang Autonomous Region, is developing into the largest raw perfume exporter in China.

The county exports 400 tons of fennel oil, a principal ingredient in perfume, each year and gains 4 million US dollars in output value.

The product is well received in 57 countries, including France, a leading perfume producer in the world.

Fennel oil, extracted from the leaves of star anise, is widely used in the production of pharmaceuticals, food-stuff, cosmetics, and in ore dressing.

Endowed with a favorable climate and geographical features, Debao County grows star anise on 17,300 ha. [hectares] of land with an annual output of 3 million tons.

Growing and processing star anise is now considered a means of getting rid of poverty in the county. Many households have joined the ranks of fennel oil producers.

In 1982, the country built a perfumery to produce value-added items such as anethole, anise alcohol, and anisaldehyde.

### **Fujian Promotes International Economic Cooperation**

*OW0205093295 Beijing XINHUA in English 0839  
GMT 2 May 95*

[FBIS Transcribed Text] Fuzhou, May 2 (XINHUA)—Fujian Province in southeast China signed more than 2,560 contracts involving 709 million U.S. dollars in overseas construction projects and labour services in 1994, the latest statistics show.

Last year's business volume reached 472 million U.S. dollars and the number of overseas labourers hit 34,000, ranking first and second respectively among the provinces and municipalities across the country.

A provincial official said that to further consolidate its leading position in international economic cooperation, Fujian will try its best to improve the management of enterprises both at home and abroad, with priority being given to increasing the value of state-owned assets.

While taking steps to strengthen the five pillar industries of manufacturing, construction, shipping, fishing, and

service trades, it will encourage township enterprises to invest in industries overseas, especially in developing countries.

The province has also vowed to make better use of the abundant overseas Chinese of Fujian origin to increase contracts and labor service in Southeast Asian countries. It will promote the cooperation with Taiwan on the high seas and in ocean fishing.

In addition, Fujian province plans to launch a human resources data bank to enhance the management and training of labourers working overseas.

#### **Vice Governor Says Hainan To Promote Investment**

OW0205093195 Beijing XINHUA in English 0828 GMT 2 May 95

[FBIS Transcribed Text] Haikou, May 2 (XINHUA)—Hainan will have to work hard to avoid lagging behind other regions, Mao Zhijun, vice governor of the province told a seminar recently.

Mao said that as more areas in the country open up to the outside world, the policy advantages that Hainan has enjoyed for the past seven years, will diminish.

He said that Shenzhen was given the benefit of special policies 15 years ago, while Hainan has been a special economic zone for seven years.

Also, he said, Hainan is restricted in development by its poor infrastructure, weak economic power base, and large rural population.

"Hainan is still in the transition period and the economy has not yet used its potential to the full," said Mao, adding that the comprehensive economic power of the province is still weak.

Among the preferential policies Hainan enjoys are a 15 percent income tax rate for companies, companies having the right to import and export, and reduced or no taxation on companies which are newly established.

Because of the special policies, Hainan attracted domestic and foreign capital, talent and technology, and greatly enhanced the economic development of the island province.

The province utilized 3.8 billion U.S. dollars in foreign funds and 25 billion yuan (about 2.9 billion U.S. dollars) of investment from other provinces in the past seven years, when Hainan's gross domestic product was growing at an annual rate of 18 percent.

To quicken its development, the vice governor said that Hainan will promote the investment in infrastructure and industries, such as tertiary industry spearheaded by tourism, the petroleum and natural gas industry, tropical agricultural products processing industry, and aquatic industry.

Also, the province will speed up the establishment of capital markets, forex markets, and insurance markets, he said.

#### **Henan Increases Inflow of New Foreign Investment**

HK0105141295 Beijing ZHONGGUO XINWEN SHE in English 1124 GMT 1 May 95

[FBIS Transcribed Text] Zhengzhou, May 1 (CNS)—Henan Province has emphasized practical results in its introduction of foreign capital. Newly-founded enterprises have shown three tendencies: high speed of capital in place, quick start of project and sound operation.

Direct introduction of foreign investment developed continuously last year in the province with 1,067 foreign-funded enterprises newly approved and foreign capital actually used in the whole year reaching US\$ 389.77 million, creating another new high.

Of the foreign-funded enterprises established in the province last year, secondary industries accounted for 82.3 percent. Industrial structure tends to be reasonable. Focus of foreign investment is a batch of basic facilities including power, transportation and water supply, and will play an active role in improving investment surroundings in Henan Province for promoting sustained economic development.

Great achievements have been made by the province in its introduction of foreign capital. Large and medium-sized state-owned enterprises of the province have made new break in their reform of foreign capital. Last year, three of China's largest ham sausage factories situated in the province were all transformed into foreign-funded enterprises, namely Luoyang's Chundu, Luohe's Shuanghui and Zhengzhou's Zhengrong. Ham sausage production has therefore entered a new stage. Moreover, 3 joint ventures have been set up jointly by Xinfeng Refrigerator Plants and Singapore with US\$ 76.83 million. There will be an annual production of 1 million refrigerators after the project is completed to rank first across the country.

Township enterprises in the province have become the up-and-coming new breed to lure foreign capital. The township enterprises have been developing rapidly in recent years and have started to transform into groups. Before 1991, there were only 17 township enterprises in the province making use of foreign capital; the current number totals 800. The amount of foreign capital utilized by township enterprises in the province has been on the constant increase, hence helping to raise technological standards and product quality in the province. At the same time, the pace in shaking off poverty and gaining prosperity in rural areas has also been quickened.

Another feature of utilizing foreign capital in the province is that the investors are from various countries and regions. The investment predominance by Taiwanese and Hong Kong businessmen has been changed recently. Investors from 45 countries and regions came to set up

business in the province last year, 15 more compared with 1993. 1994 showed the biggest growth in terms of investors.

### Agriculture

#### Conference Proposes Medical Insurance for Peasants

HK0205072795 Beijing CHINA DAILY in English 1 May 95 p 2

[Article by Liu Yinglang: "Farmers' Medical Insurance Proposed"]

[FBIS Transcribed Text] Beihai—A co-operative medical insurance system will be set up for China's 900 million farmers to improve their health, according to a national meeting on medical administration that ended here on Friday [28 April].

A draft regulation on building insurance funds in the country's rural areas was discussed during the six-day conference.

The draft stipulated that every farmer should contribute at least 2 percent of his or her annual income to the fund, while villagers' committees should set aside part of their public funds as contribution.

Village and township enterprises should contribute 5 percent of their employee payrolls to augment the funds.

With this coverage, farmers can get free preventive treatment and will be compensated for 30 percent of medical fees in the case of serious disease.

They can visit doctors at local designated clinics or hospitals.

Education departments in rural areas are also required to organize primary and high school students under the cooperative medical insurance system.

The funds will be deposited in agricultural banks, and special administrations should be set up by local governments to direct the funds and to make plans for improving farmers' health care.

The departments of agriculture, finance, civil affairs, public health, education and family planning, as well as planning commissions, will be called on to co-operate in setting up the medical insurance funds.

More than 200 conference participants agreed that the funds, financed through contributions from both groups and individuals, are the most practical way to improve the health of rural inhabitants.

Participants visited a health centre in Xinping Village of Zhakou town in Guangxi Zhuang Autonomous Region.

Last spring, the village allocated 3,000 yuan (\$353) and designated six rooms covering 160 square metres for building a health centre for the villagers.

Since then, the villagers are exempt from paying registration and injection fees at this centre, while required to contribute 5 yuan annually to an insurance fund, or 2.2 percent of the average income. The average Xinping villager took home 1,950 yuan (\$229) last year.

About 16,855 yuan (\$1,983) has been collected, with 9,874 yuan (\$1,162) being reimbursed.

With financial help from the local government, the village has also collected 20,000 yuan (\$2,353) from its 4,052 residents to install 46 sanitary and pumping wells.

#### Fujian Leaders Discuss Guaranteeing Food Supply

HK0105141895 Fuzhou FUJIAN RIBAO in Chinese 7 Apr 95 pp 1, 4

[Article by reporter Yu Yanghua (0151 7402 5478): "Fujian Provincial Government Holds Meeting on 'Food Basket' Project"]

[FBIS Translated Excerpt] On 6 April, the provincial government held a work meeting on the "food basket" project. The meeting considered and put forward targets, tasks, and measures, and also made a decision on improving work in the "food basket" project, increasing the supply of food on the markets, and substantially lowering the rate of price increases as compared with last year.

Provincial leaders Jia Qinglin, Chen Mingyi, Wang Jian-shuang, Shi Xingmou, Zhang Jiakun, Pan Xincheng, and Huang Xiaojing, as well as the government leaders of various prefectures and cities, and the leaders of relevant provincial departments, all attended the meeting.

Jia Qinglin, secretary of the provincial party committee, gave a speech at the meeting. He said: This meeting, held immediately after the end of the provincial people's congress session, shows that the provincial party committee and government attach great importance to the work of increasing the food supply, and also demonstrates our determination to resolve this issue. [passage omitted]

The key to guaranteeing the supply of vegetables and other foodstuffs lies in developing production. As long as more goods are produced, prices naturally will go down. All local authorities must guarantee the area of land for growing vegetables. At the same time, market management must be intensified, and actions should be taken against various illicit business activities. This year, the rate of price increases must be lower than 15 percent, and efforts must be made to achieve this target. Prefectural magistrates and the mayors of various cities must take responsibility for this.

Governor Chen Mingyi gave a speech at the beginning of the meeting. He first analyzed the price situation in the province, and then announced several measures for increasing supplies and keeping prices stable. He said: The strained supply of vegetables and other nonstaple



foodstuffs, and the increase in the prices of these goods, constituted a main factor in the province's price hikes. Now efforts must be made to change this state of affairs, and obvious results should be achieved within six months. [passage omitted]

The meeting was presided over by Vice Governor Wang Jianshuang.

**\*Hebei Reports Drought Damage to Crops**

95CE0357S Beijing JINGJI CANKAO BAO in Chinese  
10 Apr 95 p 1

[FBIS Summary] As of 10 April, more than 45,700,000 mu of crops have been affected by drought in Hebei Province, of which 16,800,000 mu is wheat. The provincial government has allocated 3 million yuan to combat the drought.

**\*Hubei Province Increases Rice, Cotton Area**

95CE0357T Wuhan HUBEI RIBAO in Chinese 22 Apr  
95 p 2

[FBIS Summary] At present, the early rice area in Hubei Province is 10,388,300 mu, an increase of 880,000 mu, or 9.3 percent over 1994. At present, the cotton area is 7,730,000 mu, an increase of 250,000 mu, or 3.3 percent.

**\*Qinghai Reports Grain Output Goal for 1995**

95CE0357P Beijing JINGJI CANKAO BAO in Chinese  
11 Apr 95 p 1

[FBIS Summary] In 1995 gross output of grain in Qinghai Province will reach 1.2 billion kilograms, an increase of 32 million kilograms, or 2.7 percent over 1994. Per capita farmer income should increase from 869 yuan in 1994 to 1,000 yuan.

**\*Sichuan Issues IOUs During Hog Procurement**

95CE0357Q Beijing JINRONG SHIBAO in Chinese 13  
Apr 95 p 1

[FBIS Summary] In Sichuan Province there is a shortage of agricultural production materials. At present, inventories of production materials only meet 50 percent of demand, and the urea supply only meets 20 percent of demand. Prices of agricultural production materials have increased 30 to 50 percent.

Since February, hog prices have fallen, and some areas have issued IOUs during hog procurement. Oil crop prices have also declined.

**Tibet Uses Science To Improve Agriculture**

OW0205031395 Beijing XINHUA in English 0154  
GMT 2 May 95

[FBIS Transcribed Text] Lhasa, May 2 (XINHUA)—Authorities in the Tibet Autonomous Region, where farmers used to go along with natural conditions of the

highlands in their crude cultivation of grain, have increased efforts to use agricultural technology.

To change the situation, scientists in the region have devoted themselves to selecting and cultivating better crops that fit the climatic conditions in the region.

They have selected more than 80 strains of quality "qingko" barley, winter wheat, and rapeseed, and built 200,000 "mu", or 13,200 ha [hectares], of cultivation bases, which produce tens of millions of kg of quality seeds every year. Over the past two years, several mechanized seed processing lines have been built in the region.

After three years of promoting wheat, the method has been applied to 800,000 "mu", or 52,800 ha, of farmland, with a yield per "mu" (0.066 ha) having increased by more than 50 kg.

The agro-technology departments in the region train 300,000 people, including 1,600 farmer agro-technicians every year. 70 percent of the farmers in the major grain growing areas have received training in agro-techniques on mixing pesticides with seeds, machine plowing, quality seed selection and cultivation, fertilizer application and plant protection. The government also provides 600 tons of pesticides from the interior every year for free.

Scientific and technological progress have paved the way for bumper harvests in Tibet for seven consecutive years. In spite of natural calamities last year, Tibet harvested 640 million kg of grain and 27.5 million kg of rape, respective increases of 3.23 percent and 20.22 percent over the previous year.

**\*Reform of Agriculture Tax System**

95CE0310A Beijing ZHONGGUO NONGCUN JINGJI  
[CHINA'S RURAL ECONOMY] in Chinese No 1, 20  
Jan 95 pp 37-42

[Article by Tang Renjian (0781 0088 0256): "An Analysis of Agriculture Tax System Reform"]

**[FBIS Translated Text] Brief Biography of Author**

Tang Renjian was born in August, 1962, in Chongqing, Sichuan Province. Since graduating from the economics department of the Southwest Finance and Economics University in 1983, he has worked in the policy research area in the Agriculture Ministry's General Administration Office and Policy Regulations Division. Promoted to senior economist in 1992, he became deputy chief of the Policy Regulations Division and deputy secretary general of the Agriculture Ministry's Software Sciences Committee. His main research areas are theories and policies on management of prices, taxes and finance and the agriculture market. His major publications include *A Systematic Examination of China's Agriculture Policy Reform*, *China's Grain Sales and Procurement: From Planned Economy to Market Economic System*, *Structure*

*of Circulation System of Agriculture Products: Current Condition and Reconstruction, Using Tax Collection as Lever To Regulate Grain Production, among others.*

### I. Deficiencies in the Current Agriculture Tax System

The current agriculture tax system evolved from the "People's Republic of China Agriculture Tax Regulations" promulgated in 1958. After more than 30 years, there have been fundamental changes in agriculture products, structure of production and income as well as the production and operation methods, but the agriculture tax system has remained unchanged which accounts for the numerous deficiencies today.

A. Types of taxes not differentiated. From the standpoint of theory, agriculture tax is a kind of value-added tax, but the value added is not specific but overall value. The agriculture-forestry special product tax, also basically a kind of agriculture tax, has however become a separate tax; because it is aimed at taxing the value of production, the special product tax has essentially changed from a value-added tax to a transfer tax (product tax).

B. Duplicated tax collection and tax evasion coexist. On the one hand, the agriculture tax, special product tax, and product tax are taxes on the same product at different cycles of its production. For example, when some land from which agriculture tax had been collected was used to produce special agriculture-forestry crops, the special product tax would be collected even though the agriculture tax was not reduced or waived. In cases of six products—tea leaves, bamboo, wood, edible fungus, raw lacquer and fresh fish—not only the special product tax but also product taxes are collected. On products such as tea leaves, the special product tax is collected at the growing stage and again at the processing stage.

C. Taxable acreage is not in line with actual land under cultivation. Some land is "untaxed," mainly the newly developed land; but there are cases of "paying taxes without land," referring mainly to paying the agriculture tax on land used for non-agriculture purposes (including proper usage).

D. Discrepancy between the production quantity subject to tax and the actual quantity produced is widening. Today, China's grain production has risen two "stages" from the base level of the 1950s, but the production quantity subject to tax is still that of the 1950-60 level. Based on incomplete data, irrigated land productivity has actually increased 2-3 times from the some 300 jin-per-mu yield of the past.

E. Actual tax burden appears to be light. Today, the production quantity on which the agriculture tax is calculated amounts to 2.5 percent of the total grain production; in terms of total agriculture output value, only 1.1 percent.

F. Taxes on grain versus economic crops are distorted. In 1991, the average after-tax value added per mu of three

types of grain and cereals was 60.2 yuan, while the tax per-mu was 5 yuan; the average after-tax value added per mu of cotton was 267.37 yuan, while the tax per mu was 11.12 yuan; the value added to cotton was 3.4 times that of grain and cereals, while the tax was only 1.2 times.

G. Multiple methods of tax accounting are confusing. Even though a majority of localities have adopted the method of "collecting taxes by household, and accounting by household," but when it comes to calculating the tax on land, production quantity subject to tax and applicable tax quota, households are not used as the basic units and the tax is allocated by the top echelon to the bottom to each administrative level.

The above-cited problems within the agriculture tax system have hampered the agriculture tax functions in terms of accumulating capital, regulating material resources, adjusting allocation of benefits and promoting production. In 1992, China's agriculture tax revenue totalled only 11.917 billion yuan, 2.9 percent of the total fiscal revenues. Today, the agriculture tax is calculated on the basis of production of 22.2 billion jin of flour and rice, or around 8 percent of all commercial products produced.

### II. Agriculture Tax Collection Methods

There is considerable disagreement whether the agriculture tax should be collected in grain or on its monetary value. Noting that the government grain procurement in recent years is no longer assured as in the past, some people have suggested that the agriculture tax should again be collected in grain. We believe there are more disadvantages than advantage in this approach. China's agriculture tax is based on a total production quantity of 22.2 billion jin, and was revised to 10 billion jin after 1985 when the monetary value was used as basis to calculate the tax, but compared to the 260 billion jin of commercial crops produced annually, that amount is truly insignificant, and it would not be meaningful even if the agriculture tax were again collected in grain. Yet, the negative effect would be considerable, mainly because this would make it difficult for the prosperous areas which have changed to taxing economic crops on their monetary value. Either [the land] is used again to grow grain, which would affect agriculture structural adjustment, or the localities would have to buy grain on the open market to pay the tax, which would have an impact on the local grain market and even on markets elsewhere. The problem, at a deeper level, has two additional aspects; first, adopting this method amounts to putting all the risks and losses due to price fluctuation on the farmers; and second, delaying the development of commercialization will not help rural areas in establishing a market oriented economic system.

A considerable number of comrades now advocate collecting agriculture tax in grain; they are in fact hoping to raise the agriculture tax rate and collecting the tax in grain which would then ensure a stable supply of grain to the government. In our views, this approach is even

more inappropriate. For this in reality amounts to an attempt to legalize the unjust distribution relationship between the government and farmers reflected in grain procurement and sales. As we all know, although the government nominally canceled the grain procurement quota system after 1985, but through contractual procurement, farmers still have had to pay the government a kind of "hidden tax" by selling their grain at below market price. In the last two years, although 90 percent of the localities (counties) have freed grain prices, many of them in actual operation are still relying on the government-set standard price (lower than market price) and not going with market prices in signing procurement contracts with farmers; in this way, farmers actually have not completely got out from under the "shadow tax." Obviously, this type of "shadow tax" is irrational and should be eliminated gradually through reform. Raising the agriculture tax rate and collecting the tax in grain will undoubtedly legalize and regularize this kind of "shadow tax" which is inappropriate. In short, collecting grain after raising the agriculture tax rate will even more seriously affect agriculture structural improvements and the stability of the grain market.

### III. Directions for Agriculture Tax Reform

Today, western market-economy countries generally do not have a separate taxation system for agriculture, but collect taxes in the same way as from other taxable entities; for example, collecting value-added tax on agriculture products through a transfer tax, and collecting personal income tax from farmers individually. Only in terms of tax-exemptions or tax rate differentials are there differences between agriculture and other taxable entities. With regard to land, a land tax (land production tax) is generally levied on owners of land. In China, however, agriculture has long been under a completely separate taxation system. If China were to apply the same taxation system to agriculture as other areas, like the western market-economy countries, it is doubtful that this can be accomplished in the short term. In the agriculture taxation system, there is also the question of how it can gradually be brought up to the international standard.

It is our belief that the direction of China's agriculture tax system reform should be: Move away from taxing the value added in agriculture (agriculture tax) which does not jibe with reality, toward taxing the usage of land (land use tax) and taxing the turnover or transfer of products (product tax), and ultimately toward a system based mainly on taxing personal income (farm household income tax).

#### Step One: Change the agriculture tax into land utilization tax and product tax.

**Land Utilization Tax:** Collecting this tax can be justified from two perspectives: First, from the property standpoint, it is a tax on the value derived from the land; second, from a behavioral or usage standpoint, it is a tax based on what use is made of the land. Developed capitalist countries generally collect a land tax from land

owners as property. In China, farm land is collectively owned, and farmers through collective contracts acquire the right to use the land but not ownership right. Collecting a value-added land tax directly from farmers would be tantamount to tacitly recognizing that they are in fact the land owners, or implying that as land users they are paying a property tax in behalf of the land owners. It can be seen therefore that collecting a land tax from individual farmers can only mean a land use tax. A value-added land tax can be levied, of course, but the appropriate taxpayers are the collective organizations, i.e., communal cooperative economic entities or farmer cooperatives which take charge of renting out the land.

Collecting a land use tax from farmers and collecting a value-added land tax from collectives are two propositions with entirely different ramifications. The former is aimed at regulating land use behavior and the tax can effectively channel land users toward rational and economic land usage. The latter is aimed at adjusting the value differentials of land and the tax can effectively equalize the values derived by owners of different types of land. The former, involving collecting taxes from 190 million farming households as taxpayers, is a major task of large scope but one which can take into account different circumstances faced by different land users and equalize their tax burdens. The latter, aimed at taxpayers in the form communal economic or farmer cooperative organizations, is a limited task but one which can easily overlook the land users who derive unequal values and bear unequal tax burdens due to the different types of land. In terms of the reality in China's farming villages, the former can more easily clarify the tripartite relationship among government, collectives and farmers, while the latter can easily obscure the relationships of the three parties. Therefore, comparatively speaking, we are inclined toward the proposition of collecting a land use tax from farmers.

Land use tax is a tax government collects from all entities or individuals based on how they use the land. The important objectives of levying a land use tax are: First, to control irresponsible actions in occupying or using the land in order to protect this scarce and valuable resource. Second, to regulate the value differentials accrued to land users due to differences in the fertility or location of land. Taxes on land use generally include two kinds: one is tax on land used for agriculture, the other is tax on land used for non-agriculture purposes. On land used for non-agriculture purposes, a land use tax has been on the book in government regulations since 1950 but was never put into effect. On 1, April, 1987, the government, however, imposed a "tax on use of farm land" on any entity or individual who uses farm land for building or other non-agriculture purposes; at present the government is planning to examine and approve a land use tax. We believe that as the agriculture tax is changed to land use and product taxes, the government should combine into one the proposed land use tax levied on non-agriculture land users with the agriculture land use tax.



As for the tax on [non-farm] use of farm land, considering the serious problem of irresponsible use of farm land in China today and the sharp yearly decline in farming acreage, it is necessary to collect this tax over the long term. Generally speaking, a heavier tax should be levied on non-agriculture land use, a lighter one on land used for agriculture. The tax burden should be heavier for the use of land in urban centers and close-in suburbs, lighter for distant suburbs and outlying areas. As for the land used for agriculture, the tax burden for using farm land and top-grade land should be heavier, but lighter for using non-farm, medium- and low-grade land. For those who make use of sandy field or wasteland to carry out pioneering production projects, the tax may be waived until the projects produce income or deferred or reduced even after income begins to flow. But the land use tax should be doubled for any one who holds but makes no use of non-agriculture land or who leave behind or abandon farm land. As for the situation where different crops are grown in the same type or grade of land, different taxes need not be levied because the productivity of different crops grown in the same grade of land is the same; as for the different values that come from growing different crops, adjustment can be made by the product taxes.

It should be made clear that land use taxes (including the tax on using of farm land) are local taxes, and all of them should be retained as local financial revenues, mainly as income for county and village governments. Land use tax collected from non-agriculture use of state-owned land should also be kept as local financial revenue, and its use managed by treasuries at the province (autonomous region, directly administered city) levels. Land use tax collected from land used for agriculture should mainly be spent on preserving the land; and taxes collected from land, including farm land, used for non-agriculture purposes should mainly be used to reclaim the land for farming. In the future, as the acreage of state-owned land expands and tax revenues increase, local authorities can gradually share the land use tax revenue with the central and regional governments.

**Product Tax:** this is a tax the government levies on all entities and individuals engaged in producing or importing products subject to tax and is collected on income derived from sales of the products. Product tax is a major tax category in China's taxation system. At present, the government has levied product taxes on 10 agriculture sideline products such as tea leaves, tobacco leaves, valuable foodstuffs, tremella [Chinese herbal medicine] and edible black fungus, aquatic products, woolen yarn, unprocessed bamboo and wood, raw lacquer and natural rubber, pork, beef and lamb. In addition, the special product tax levied on certain agriculture-forestry special products is essentially a product tax. Nevertheless, the taxable products listed above total less than 20 items. The objective of the product tax is to collect income from sales of all agriculture products (including some items listed as taxable on which no tax is collected for the time being). Taxable categories are set

up by the government, but the specific items to be taxed are determined by local governments based on local conditions. Product tax is collected as the product is sold. The tax rates are different based on the different values and profit margins of the products. Since environmental factors have a considerable impact on agriculture products whether in terms of production quantity, price or income; and year-to-year fluctuations are frequent; product tax rates therefore should be readjusted in a timely manner.

Product tax revenues collected from agriculture sideline products should be jointly shared by the central and local governments. This would generate enthusiasm of both parties, and tying them closely together in terms of the beneficial relationship. Central and local governments can share agriculture product tax revenues on a 20-80 basis; as for product tax revenues retained locally, they can be shared by provincial, county and village-level authorities on a ratio of 10 percent, 20 percent and 70 percent respectively.

When product taxes are collected on all agriculture sideline products, the current special product tax should immediately be abolished. At the same time, taxes on market and cattle transactions should also be abolished; as for the slaughter tax, phasing it out should also be considered. In this way, product taxes will, on the one hand, cover all agriculture sideline products and, on the other, greatly simplify the agriculture tax categories, and the result will increase the transparency of the rural property system.

#### **Step Two: Establish a taxation system based on taxing income of farm households.**

In the future, when commercialization of agriculture reaches a certain level of development and the costs of tax collection and supervision are greatly lower, an income tax on farm households should be introduced in a timely manner so that it will become a major tax category in the agriculture taxation system in line with the objective requirement of agriculture modernization and development of market economy in agriculture.

#### **IV. Reform of the Special Product Tax**

From 1983 on when the special product tax was reinstituted, to 1989 when the scope of tax was expanded and tax rate raised, and to 1994 when certain policies were readjusted, throughout this period, the objective was a worthy one, namely: to regulate income from growing agriculture-forestry special products, to balance the tax burdens among these products, grain and cereals and other economic crops and to stabilize grain production. But from the standpoint of actual implementation in various localities in recent years, the special product tax basically has not achieved its stated objective, and the results are more shortcomings than benefits.

A. The special product tax rate has been high. The profit margins of agriculture sideline products (including agriculture-forestry special products) generally do not exceed

20 percent. The special product tax rates of 10-15 percent are obviously on the high side; even when the government lowered the rates by 1-3 percentage points in 1994, they are still high.

B. Collection methods are not standardized. Among different methods the localities use to collect the STP, taxing production quantity (i.e. determining taxable production quantity based on acreage and the amount of tax based on taxable production quantity) is a rather reasonable and practicable method but, at present, a majority of localities have not put this into effect. Besides, under current conditions in China, collecting taxes based on verifying the books is not simple: it depends on whether books are kept and the degree of their completeness, and there are great discrepancies among the state-, collective- and individually operated enterprises as taxpayers; in point of fact, this collection method can be used mostly with state-operated agriculture enterprises, fine seedling farms (stations) and some collective agriculture enterprises; for all other taxpayers, collection through withholding from income and market transactions are generally the only usable methods. The lack of uniformity in tax collection methods has created a serious problem of unequal burden among different taxpayers.

C. Tax collections are duplicative. For one thing, the product tax and special product tax are collected from the same product. For another, the same product has to pay the special product tax at different stages of its production cycle.

D. State-operated agriculture reclamation enterprise and fine seedling farms (or stations) carry heavier tax burden. First, compared to other taxpayers, these entities are taxed at a higher rate and taxes are fully collected; second, the social responsibility of these enterprises is heavy; third, the special product tax on agriculture reclamation enterprises and many fine seedling farms (stations) is collected by local (mainly county) agriculture tax departments, but the taxpayers' financial relationship is generally tied to the district, provincial and central government authorities, and the special product tax revenue collected locally can not be reapplied to their operations.

E. The objective of "taking from agriculture, using in agriculture" has basically been empty promise. The special product tax revenue collected by local authorities has mostly gone into balancing local budgets and not recycled to agriculture uses; although some localities have clearly specified that a fixed proportion of the special product tax revenue collected should go to establish agriculture development funds, this has been only on paper, and a majority of localities have not acted on this objective.

In view of the above-mentioned problems within the special product tax, we recommend that this tax be eliminated in stages, or combined with the product tax. The reasons are: First, collecting the special product tax will not facilitate agriculture structure adjustments or

the development of the "Three Highs" [high-yield, high-grade, and high-efficiency] in agriculture and will be detrimental to consolidated development and utilization of agriculture resources. Second, collecting the special product tax will not promote stable increase of farmers' income but rather will add to their burden.

Naturally, if after all factors are taken into account, and eliminating the special product tax is deemed too difficult to implement at this time, we should then proceed to make rather major adjustments in the relevant special product tax regulations.

A. Transfer the authority to determine special product tax rates to lower levels, or prescribe an upper limit on these rates. Since the special product tax is a local tax and the central government does not share in the revenue, it is advisable, given the precondition that the central government sets the types of taxes and important tax categories, that the central government delegate the authority to determine specific special product tax rates to people's governments at the provincial level and in the cities listed in the plan. If this proposition is difficult to implement, a second one may be pursued: The central government prescribes upper limits on STP rates and local authorities sets specific rates below these limits based on local conditions. The consensual views of local production and fiscal revenue departments suggest that the upper limit on special product tax rates for general commodities should not exceed 7 percent, and for the high-income producing commodities, not exceeding 10 percent. Comparatively speaking, the second proposition is rather practicable; it will help in terms of a unified tax policy, and also allow local authorities to use considerable initiatives.

B. Adopt a method for determining tax based on production. Determining taxes based on production involves "determining the taxes for several years based on production by mu (land acreage or water surface area after deducting the quantity produced for self consumption or use)." If this method is used, it will, first, turn the special product tax into a truly value-added tax; second, it will lead to a more fair tax burden (tax based on uniform standard of production whether by state, collectively or individually operated entities); third, it will enable producers to stabilize production; and fourth, it will facilitate tax collection by taxation departments.

C. Firmly adhere to "taking from agriculture, and using in agriculture." We recommend that the State Council require all local authorities to rebate a fixed portion of the special product tax revenue to establish agriculture development funds or some other specialized funds. On principle, a ratio of at least 50 percent of the special product tax revenue collected by local authorities should be used to develop production, and 70 percent of any additional special product tax collected must be used for this same purpose.

D. Implement a preferential policy for state-operated agriculture reclamation enterprises and fine seedling

farms (stations). For rubber produced by state-operated reclamation enterprises, the special product tax rate should be kept at below the current 5.5 percent level (including the 0.5 percent local surtax); for other products (product categories), preferential treatments in terms of levying a lighter tax and delaying, reducing or waiving the tax should be implemented. The special product tax on fine seed varieties (grain) popularized through technology of fine seedling farms (stations) should be waived.

#### V. Relationship of Agriculture Fees Versus Taxes

For a long period of time, the government has tried hard to reduce the farmers' burden but met with limited success. On this point, many people in recent years have suggested the ideas of "converting fees to taxes" and "combining taxes and fees," i.e., abolishing all kinds of fees and collecting them as agriculture tax, and having the treasury department rebating fixed amounts to the former fees-collecting units for their use; this approach would legalize and regularize the farmers' burden and would also simplify the collection. But, looking at this from all sides, we are of the view that this line of thinking will be difficult to implement, at least for now and perhaps for a considerable period of time to come; even if implemented, the result may turn out far differently from what it is intended, because in deciding on a policy course of action, caution is advised.

First, taxes and fees are not the same in substance. Taxes are one type of fiscal revenue which the government, relying on the power of the state, levies unilaterally, and taxes reflect a legally protected relationship of redistribution between the government and farmers. Fees collected from farmers are of two types: one type of fees are for the expenses of relevant departments, used mainly in connection with certain projects or systems which reflect a relationship between the departments and units and the farmers, and usually carried out through administrative procedures; the other type of fees are contributions and apportionment levied by township and village collective economic entities, used mainly to meet the internal need of the communal collective economy or public welfare activities which reflect a relationship between the farmers and the communal collectives, and determined generally through contracts signed between farm households and collectives.

Second, this approach is difficult to implement in practice. In a situation where the contract responsibility system is carried out at every fiscal administrative level, more than half of the "fees" collected through tax-collection channels are ultimately used to balance fiscal

budget deficits. Even under conditions of the current separate taxation system, the fees collected by the various localities are not necessarily rebated to the units or organizations which have depended on these "fees." At present, with certain backward areas still preserving the contract responsibility system or practicing a tax-allocation system, if taxes and fees were unified in these districts, the result would certainly be like what was produced by the original contract responsibility system. In so doing, the units and organizations that have depended on "fees" would think of all kinds of ways to again collect various fees from the farmers either openly or covertly in order to ensure that needs of their normal expenses and even non-legitimate expenses are met. Thus, the farmers' burden will be increased. In addition, changing fees into taxes also poses considerable budgeting difficulties. For one thing, how can one determine if the fees are reasonable; that is a very troublesome problem in the attempts to reduce the farmers' burden in recent years. For another, even if the fee reasonableness can be determined, deciding on the relative proportion is also a difficult task.

Third, abolishing the fees cannot strengthen the legal basis of the farmers' burden. Some people consider that because the tax law is authoritative, collecting the fees as taxes will help legalize and regularize the farmers' burden. This has certain logic. But to manage that farmer's burden, we already have the "regulations" from the State Council and the "Agriculture Law," both of which have the force of law, and the question of why the farmers' burden is still not under control is one which cannot be resolved in and of itself.

Fourth, it can undermine the reputation of the government's tax collection system. At this time, farmers do not have strong views about paying taxes to the state; for one thing, objectively speaking, taxes carry the power of enforcement and are considered a normal part of life. For another, paying taxes to the government is not a particularly heavy burden. But from here on out, however, whether the quantitative tax increase is a real change, or whether merging the "fees" in taxes is a real change, both would result in increasing the total taxes, and farmers would blame this on the government. This is also a point not to be overlooked.

Our overall view is that confronted today by a fees-versus-tax contradiction, the problem cannot be solved in terms of the fees and taxes alone, for these basically reflect a series of deep-seated problems created by the process of system reform and economic development; to solve these problems, the medicine has to be directed at the symptoms; on the matter of the fees and taxes, they should be kept separate and dealt with separately.



## East Region

### Jiangsu Meeting Urges Quicker Construction Pace

HK0105124395 Beijing ZHONGGUO XINWEN SHE  
in English 0842 GMT 1 May 95

[FBIS Transcribed Text] Nanjing, May 1 (CNS)—Chen Huanyou, Party Secretary of Jiangsu Province, called a meeting of the Party Standing Committee of Jiangsu for investigating the situation of work in Nanjing. The meeting asked to speed up the pace of construction in Nanjing so that there will be great changes in the outlook of Nanjing city within two to three years.

In the next five years, Nanjing will invest RMB [renminbi] 22 billion in ten key projects which have great effects on the economic development in Nanjing.

These projects include the restructuring of the buildings on the two sides of ten main roads in Nanjing; the construction of 120 high-storey buildings; setting up of tertiary industries, financial and trading centres respectively in Xinjiekou, Gulou and Shanxi Road; the carrying out of four public utility projects including electricity network, water supply, sewage treatment and coal gas; the construction of viaduct inner and outer ring roads, mass transit railways and the linking up of viaduct ring roads; the construction of Hexi New Region. It is planned to use five years' time to turn Hexi New Region of 42 square kilometres into a residential region and a financial, commercial and trading subcentre in Nanjing, with convenient communications, comprehensive facilities and good environment for living.

### Shanghai Plan for 'Spiritual Civilization'

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16 Apr 95 pp 1, 2

["Shanghai Municipality's Plan for Building Socialist Spiritual Civilization During 1995-97"]

[FBIS Translated Text] Guided by Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line, the Third Plenary Session of the Sixth Shanghai Municipal CPC Committee has affirmed the goals of struggle and main tasks during the next three years from 1995 to 1997 on the basis of summing up the experience of "achieving a dramatic change in three years," and clearly put forward the demand on continuing to strengthen the building of spiritual civilization. In order to further raise the coordinated development of the building of spiritual civilization and economic construction to a new level, it has thus formulated this plan.

#### 1. The Guiding Ideology and Goals of Struggle for the Building of Spiritual Civilization

(1) The building of socialist spiritual civilization under the guidance of Marxism is a basic content and important symbol of socialism with Chinese characteristics,

and is a powerful spiritual motivating force, ideological guarantee, and intellectual support for the building of material civilization. In the course of promoting the socialist modernization drive, we must always implement the party basic line of taking economic construction as the central task, adhere to the four cardinal principles, and persist in carrying out reform and opening up; stick to the policy of "grasping both spiritual civilization and material civilization and attaching equal importance to both," and raise our consciousness to constantly strengthen the building of spiritual civilization according to the new situation, new conditions, and new characteristics, while centering on the party's central task.

(2) Intensifying the building of socialist spiritual civilization in Shanghai is a very urgent strategic task. Comrade Deng Xiaoping has asked Shanghai to show results in two aspects by the end of this century, namely, results in economic construction and results in building spiritual civilization. Comrade Jiang Zemin has asked Shanghai to stand on the forefront of the country in the development of both spiritual and material civilization. These are honorable tasks to be shouldered jointly by the whole party and all people in Shanghai. At present, Shanghai is in a crucial period to promote reform, opening up, and the modernization drive. We must firmly grasp the final opportunity in the 90's, accelerate the pace of reform and economic development in Shanghai, and strive to realize the grand goals put forward by the party Central Committee and the State Council on "the development and opening of the Pudong Area and turning Shanghai into one of the international economic, financial and trade centers." In particular, we must fulfill the strategic tasks put forward by the Third Plenary Session of the Sixth Shanghai Municipal CPC Committee in an all-round way in the next three years to lay down a firm foundation for entering into the 21st century. Therefore, we should raise the ideological and moral quality as well as scientific and cultural quality of people in Shanghai in an all-round way.

(3) In building spiritual civilization, we should use Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics as the fundamental guiding principle, arm people with scientific theories, guide people with correct public opinion, help people foster a noble spirit, encourage people with outstanding literature, and bring up a new socialist generation with high ideas, moral integrity, a good general education, and a sense of discipline. In the next three years, we should significantly raise the quality of residents and the extent of civilization of the city, strive to foster the image that people in Shanghai are adapting themselves to the need of the next century, and develop civilization for a modern city. We should help Shanghai's residents have farsighted ideals, good ethics, pioneering spirit, habit of observing discipline, civilized behaviors, abundant

knowledge and sound health, and turn the entire municipality into a city of good order, peace, and harmony with full vitality.

(4) In the next three years, we should attach importance to the role of social communities as carriers in building spiritual civilization in the municipality; give full play to the role of districts, counties, neighborhoods, townships and towns in promoting cultural progress; promote the construction of public welfare projects; improve environment in all communities; improve people's living standards; foster vocational and social ethics and family moral principles; and raise the extent of civilization in the city.

## **2. Earnestly Study and Publicize Comrade Deng Xiaoping's Theory on Building Socialism With Chinese Characteristics**

(5) Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics is the Marxism of contemporary China, the great banner that guides us in building socialism, and a strong spiritual pillar for national rejuvenation and development. Our perseverance in using this theory to arm the entire party, to educate the people, and to guide our work is the basis for socialist modernization. Studying and publicizing Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics are the primary tasks of spiritual civilization. We should launch deepgoing campaigns systematically and step-by-step to enable all party members to study the theory on building socialism with Chinese characteristics and the party constitution. We should train cadres at or above the departmental level by stages and in groups with the help of party schools at all levels in the entire municipality. The vast number of party members and cadres should earnestly study Comrade Deng Xiaoping's original works, strive to grasp the scientific nature of this theory from all aspects, and thoroughly understand and grasp the quintessence of this theory—emancipation of minds and seeking truth from facts. Leading cadres at all levels should take the lead in studying the "Selected Works of Deng Xiaoping" and the theory on building socialism with Chinese characteristics. The central groups of party committees at all levels should continue to strengthen and improve their study. Each level and leader should be responsible for other levels and leaders below them, so that relevant work can be carried out level by level. When studying the theory, we should take into consideration the actual situations; help foster a correct world outlook, outlook on life, and outlook on value; closely keep in mind such tasks as those concerning reform, opening up, economic construction, spiritual civilization, party building, and democracy and the legal system in our country, particularly in Shanghai; help improve the ability to study new situations and solve new problems; and help us to further uphold our principles, be more systematic, and show more foresight and creativity in our work.

(6) The "Selected Works of Deng Xiaoping" should be the main content of curricula used in all levels of party

and government schools and schools for cadres. The theory on building socialism with Chinese characteristics should be taught as a main course in institutions of higher learning. Teaching materials expounding Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics should be written for different groups of students, and teachers should be trained in this regard.

We should organize study sessions for the masses to publicize the important viewpoints and gist of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics in simple terms, linking them with the great practice and tremendous achievements in the reform, opening up, and modernization of our country.

(7) We should fully expand the important functions of the vast number of theoretical workers in our municipality in studying and publicizing Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics. Theoretical workers should earnestly study, thoroughly understand, and vigorously publicize the theory on building socialism with Chinese characteristics. Using this theory as their guide, they should closely center around major theoretical and practical issues on reform, opening up, and modernization to conduct investigation and study, and provide prompt and scientific answers to major issues on building the two civilizations that have to be solved immediately, as well as to various difficult issues and hot topics that have been brought up by cadres and masses during practical work.

We should make an effort to bolster the bases for researching Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics—plans should be made, goals set, and results and expert personnel produced. The "Research Center on Deng Xiaoping's Theory" of the Shanghai Academy of Social Sciences, and the research organs on Deng Xiaoping's theory in such units and groups as party schools, institutions of higher learning, and federations of societies of social sciences should devote more attention to studying, practicing, and publicizing this theory. We should continue to make arrangements to publish the "Collection of Books on Deng Xiaoping's Theory and its Practice and Study." We should exercise stronger leadership in bases for researching Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, vigorously supporting and helping them in all aspects. We should mobilize and unite more theoretical workers, and form a mightier contingent of research workers on Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics.

(8) We should promote philosophical and social science studies under the guidance of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics. In addition to studying basic theories, we should focus our theoretical work on examining important issues pertaining to the construction of socialism with Chinese characteristics; the trends of political, economic, and cultural developments in the present-day

world; and new problems in Shanghai's reform, opening up, and modernization with a view to providing the party and government with the basis for scientific decisionmaking. We should provide more financial assistance for planning philosophical and social science studies, and for publishing academic works on Marxism; properly manage and utilize funds for studying Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, philosophy, and social science; and promote the blossoming of philosophy and social science.

(9) We should make full use of publications, books, radio, television, and other media outlets, and harness their combined strength to publicize Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics in an accurate and lively manner. We should make meticulous plans for filming television serials designed to publicize theories. Leading news organizations in the municipality should set up theoretical propaganda bodies, provide special personnel for such bodies, and do a good job of publicizing theories.

### **3. Strengthen Ideological and Political Work While Keeping Economic Construction, Reform, and Opening Up in Mind**

(10) We should correctly steer public opinion and conscientiously embrace the authority of the party Central Committee with Comrade Jiang Zemin as the core in accordance with the principle of giving priority to positive propaganda to promote unity and stability and to arouse initiative. We should widely publicize the guidelines of the 14th CPC National Congress and the Third and Fourth Plenary Sessions of the 14th CPC Central Committee; the need to correctly handle the relationship between reform, development, and stability; the important policy decisions of the party Central Committee and the municipal party committee; and our country's fruitful practical work, great achievements, and new experience in reform, opening up, and socialist modernization, so as to guide people in taking an active part in reform, opening up, and socialist modernization.

(11) We should make meticulous arrangements for filing reports aimed at publicizing the reform policy. In accordance with the guidelines of the Third Plenary Session of the 14th CPC Central Committee and the need for Shanghai to take the lead in instituting a socialist market economic operating mechanism, we should actively and promptly publicize various major reform measures. To foster public opinion and a social environment that is favorable to our efforts to deepen reform, we should guide people in fostering concepts that are compatible with socialist market economic development, and in correctly understanding and handling the relationships between local and general interests, between individual and national interests, and between immediate and long-term interests.

(12) We should go down to the grass-roots level to conduct lively education on the prevailing situation and

on our tasks. We should take the opportunity of the Spring Festival and National Day to conduct intensive education twice a year on the prevailing situation and on our tasks. Using Shanghai's achievements and bright future in reform, opening up, and modernization, we should inspire the fighting will and enthusiasm of people throughout the municipality, and guide them in cherishing their motherland, Shanghai, hometown, and jobs, and in working hard and making more contributions.

The mass media should actively publicize Shanghai's developments and changes; promptly bring to light and report on advanced models that embody the hard-working spirit of the new period; and warmly eulogize the noble character and splendid achievements of Shanghai residents in the course of rejuvenating Shanghai. They should step up efforts to organize special reporting assignments and make news-gathering trips with a view to improving the depth and quality of their news reporting. They should strengthen journalistic research, improve journalistic ethics, and help journalists improve their theoretical knowledge, understanding of policy, and professional standards. They should foster a stronger sense of the overall situation, discipline, and responsibility to better serve as the mouthpiece of the party, government, and people.

(13) We must earnestly intensify ideological and political work in grass-roots units. Leading cadres at all levels must think what the people think, be concerned with what the people are concerned about, and do ideological and political work thoroughly and meticulously. While doing ideological and political work, priority should be given to dealing with problems which the masses are concerned about. We should be concerned with the masses' problems and help them solve their problems. Working in coordination with state enterprises' experimentation with setting up a modern business system, we should come up with views on intensifying and improving ideological and political work at these enterprises, designate some advanced collectives and individuals which have distinguished themselves in doing ideological and political work, and explore new paths of doing ideological and political work at enterprises.

(14) To meet the needs in developing our socialist market economy, we should intensify cultural construction in enterprises. Proceeding from enterprises' actual needs, we should develop an enterprising spirit which conforms to the spirit of the time so that we can inspire workers to wage arduous struggle, explore, and innovate. Enterprises should create a good image for themselves through improving services and products' quality. They should educate their workers to correctly approach the relationship among the state, enterprises, and themselves; and make great efforts to create a civilized, healthy, and forward-looking cultural environment through heightening workers' ideological awareness and educational level. Enterprises should increase their coherence and competitiveness on the basis of improving workers' competence and enterprises' overall efficiency.



#### 4. Extensively and Deeply Carry Out Education in Patriotism

(15) A glorious tradition of the Chinese nation, patriotism is a powerful spiritual force which guides and rallies the masses to carry out reforms, opening up, and modernization. Building socialism with Chinese characteristics is the theme of patriotism during the new period. Intensifying education in patriotism under the new situation has important immediate and far-reaching historical significance for arousing national spirit, strengthening the nation's coherence, improving nation's quality, and inspiring the people to work hard in building socialism with Chinese characteristics.

We should draw up the "Detailed Rules of Shanghai for Carrying Out Education in Patriotism" in accordance with the "Outlines for Carrying Out Education in Patriotism" transmitted by the CPC Central Committee. We should intensify our efforts of educating the people in China's outstanding cultures, peaceful reunification of the motherland, national defense, and the need for compulsory education. During the next three years, we must heighten Shanghai people's awareness of abiding by the constitution, fulfilling their social responsibilities and civic obligations, and demonstrating their patriotism with actual deeds.

(16) Our education in patriotism must penetrate all social sectors so that an environment and an atmosphere of regarding patriotism as an honor can be created. We should give priority to developing two major series of works which have a close bearing on the masses. The first major series are about propaganda cultures. Departments in charge of journalism, publishing, radio and television broadcasts, cinematography, and cultural affairs should play their important parts in promoting education in patriotism and reflect Shanghai people's spiritual outlook of "loving China and building Shanghai into a better place." Each year, we should create and broadcast 100 movies and television shows with the theme of patriotism; and organize the publishing of 100 theoretical works, biographies, literature and art works, and other reading materials that reflect patriotism. Radio and television broadcasts can reach extensive areas and can be influential, we should give play to their strengths and make meticulous efforts in producing all programs. We should pay special attention to devoting the prime time to programs that reflect the main theme. We should make great efforts in promoting the Chinese nation's outstanding traditional culture and devise a plan of promoting a large quantity of programs, movies, television shows, musical works, and books that reflect our outstanding traditional culture. The second major series of works is about commemoration activities. All legal holidays, traditional national festivals, school days, and factory anniversaries should be used as vehicles for promoting and arousing patriotism. In 1995 we should earnestly commemorate the 50th anniversaries of the world's victories in the war against fascism and China's victories in its War of Resistance Against Japan.

(17) We should build stronger bases for education in patriotism. We should constantly enrich our education in patriotism by making full use of the information about our country and Shanghai and developing all forms of education resources. We should educate people on preserving historical relics, giving full scope to the roles played by museums, memorial halls, and historical sites of revolution in promoting education in patriotism. Aside from the 20 "juvenile education bases," we should continue to designate additional education bases within the next three years. We should intensify the planning and management of these bases. Each base should have a signboard, a full set of information, a contingent of administrative personnel, and some guides. Visitors' receptions should be properly organized. We should also continue to properly operate the juvenile military academy, and properly organize for young people to spend one day in military barracks.

(18) All trades and professions should promote education in patriotism according to their actual situations. Education in patriotism should be an important part of schools' moral education. There should be a new structure to coordinate education in patriotism in kindergartens, primary schools, middle schools, and colleges; and to coordinate education in patriotism in schools, families, and society. While giving full scope to the main role played by classroom teaching in promoting patriotism, we should study and explore how to merge the curricula with education in patriotism so that education in patriotism can be integrated with the teaching of various curricula. To achieve better educational results, schools should improve their moral education, beginning with their teaching staff, teaching materials, curricula, group activities, and practical social projects. Schools should also improve their Communist Youth League [CYL] and Young Pioneers operations by actively cultivating party activists among students and admitting qualified, outstanding young people into the party. We should consolidate and develop communities' education committees, improve the community environment for educating people, and do something useful for juvenile education every year. We should intensify the guidance for family education by promoting knowledge about family education. We should continue to improve the system under which students can get involved in social projects, and we must earnestly organize students to participate in industrial and agricultural production, training in military and political affairs, social inspection, and social services. We should actively promote aesthetic education, and we must especially intensify the popularization of national arts, so as to nurture people's lofty sentiments, heighten their sense of aesthetics, and arouse their patriotism. By the end of the next three years, we should have classes of art education established in all primary and junior middle schools, and by the end of 1995 we should have classes of art appreciation established in all senior middle schools. Government organs, enterprises, and institutions must use various ways to

educate their cadres and workers on patriotism, collectivism, and socialism on a regular basis.

(19) A characteristically Shanghai system of protocol that can be promoted extensively and upheld on a long-term basis should be established. Beginning with the National Day this year, the national flag should be hung solemnly, seriously, and properly on buildings and in meeting halls of the municipal party committee and the municipal government, their committees and offices, all district and county party and government organs, and all public security and judicial departments. Full-time middle and primary schools must hold ceremonies of raising and lowering the national flag. The national flag should be hung in conference rooms of neighborhoods, townships, and towns, as well as in enterprises and establishments whenever possible. Schools should hold solemn and grand flag-raising ceremony during large collective events, such as ceremonies to begin a new semester, for graduation, and sports meets. Education departments, and CYL and Young Pioneers organizations must observe ceremonies when members are admitted, when ID cards are issued for young people who reach the age of 16, and when young people who reach adulthood when they are 18. During flag-raising ceremonies and other large collective events, the national anthem should be played and sung. Moreover, education on proper etiquette during occasions with the presence of foreign nationals should be intensified throughout Shanghai.

#### **5. Foster New Ways and Customs, Encourage Healthy Trends, and Raise the General Standards of Social Conduct**

(20) We should vigorously promote activities aimed at learning from the advanced and fostering new ways and customs, make fuller use of the media, and give greater publicity to the pioneering spirit for the new period proposed by Comrade Jiang Zemin, promote the correct outlook on world and life, and resist money worship, hedonism, and ultra-individualism. We should promote, step by step and throughout society, new ways and customs of our times that take pride in hard labor, honest work, dedication, trustworthiness, and selfless sacrifice. We should promote a vigorous and healthy spirit that takes pride in making constant improvement through diligent studies and foster a new type of interpersonal relations characterized by generosity in helping people in difficulty, caring for others, and living in amity.

(21) We will carry out activities of emulating Lei Feng and the "Good 8th Company on Nanjing Road" in an extensive, penetrating, and sustained way. Continued efforts should be made to publicize and learn from Shanghai's "red-banner collectives" and "advanced pacesetters." In 1997 the second batch of "red-banner collectives" and "advanced pacesetters" will be named by the municipal CPC Committee and government. We

should make further efforts in promoting advanced model that represent our fine traditions and the spirit of our times.

We will give public commendation to exemplary individuals and deeds, encourage healthy trends, and criticize unhealthy tendencies by way of electing model workers and "10 exemplary deeds" in promoting socialist spiritual civilization. We will encourage and reward members of society who have demonstrated moral courage in defending the property of state and the life and safety of others or those who have distinguished themselves over the years in service for public interests and in helping others.

(22) We will promote professional ethics and the spirit of serving the people, change our attitude toward service, and provide better services. All trades and professions should formulate or upgrade their professional ethics standards in light of their respective characteristics, strengthen internal management, and enhance the employees' awareness of being faithful in the discharge of their duties. We should firmly overcome unhealthy practices in various trades, and oppose fraud and the abuse of power for personal gains.

(23) We will energetically promote charity activities and gradually institutionalize such activities and turn them into regular social services. We should promote the spirit of helping people in need and universal fraternity. Party and governments at all levels should conscientiously help, as part of their regular work, people solve their real difficulties and make their care and concern felt in every household. We should promote mutual assistance among the public. We should expand programs of young volunteers and develop, step by step, a contingent and system of providing care for elderly persons without family, dependents of servicemen and revolutionary martyrs, people receiving assistance from the Ministry of Civil Affairs, and the handicapped people, improve community-based services, and upgrade the standards of such services. Organizations such as trade unions, the Communist Youth League, and women's federations should play a positive role in creating a new type of interpersonal relations and social atmosphere characterized by warmth, harmony, and fraternity. We should expand the services of social charity organizations, antipoverty funds, and red cross societies to enable more people will to experience the real sentiments and warmth in interpersonal relations in our socialist society.

(24) We will continue activities aimed at promoting "new-style households," "five-merit households," "exemplary courtyards," and "civilized apartments and groups," and make constant efforts to raise the ethical standards and cultural and scientific levels of all families. We should promote understanding, modesty, respecting the old and cherishing the young, and living in amity and properly handle interpersonal relations among neighbors and family members. We should continue implementing family planning work well. We

should promote styles of life that are sensible, civilized, healthy, and uplifting, oppose unhealthy tendencies such as extravagance, waste, shunning labor, and indulging in ease, and outlaw gambling and superstitious activities.

#### **6. Promote a First-Class Education and Raise the Quality of Citizens**

(25) With an eye toward modernization, the world, and the future, we will implement the policy of making education a strategic priority to bring up more skilled personnel for socialist modernization and raise citizens' ideological, ethical, scientific, and cultural levels. Proceeding from the needs of Shanghai's overall development strategy, we will implement the "Outline for Reform and Development of Education in China" in high standards and achieve noticeable progress in developing a modern overall education structure, raising the level of universal education, modernizing education, and reforming the education structure and operating mechanism in order to bring about a visible improvement in the overall quality of Shanghai's citizens.

(26) We will implement the guidelines of the 1994 Shanghai Municipal Education Conference to further raise the overall level of education development in Shanghai and implement the eight key education projects. We will do all we can in the next three years to change a number of primary and elementary schools whose foundation is relatively weak. We will develop a number of communities that boast a modern, high-standard, nine-year compulsory education service. By 1997 we should see to it that 87 percent of the city's eligible students are enrolled in high schools, that 20 key middle schools have joined the ranks of the nation's model schools, that 30 or so have been named key or model secondary vocational and technical schools, and six schools will have completed transformation as vocational institutes of higher learning. We should, by way of "joint development" or giving top priority, ensure that a dozen or so schools in Shanghai will participate in "Project 211" [a key state project to establish about 100 major institutions of higher learning and key research centers in the 21st century]. Continued efforts will be made in implementing the "Project for Training Workers in Urgently Needed Skills in the 1990s" and the "Program for Skills Training of Reassigned Personnel." We will bring up a number of technicians, senior technicians, and senior skilled workers from among young and middle-aged enterprise employees. We will continue administering examinations for citizens on their expertise in computers and in foreign languages in order to upgrade the citizens' expertise in these two areas. We should improve the certificate system for professional and skills qualifications and technical grades and establish, step by step, a standardized system for continuous education.

(27) We will increase investment in education. We will increase education funds by a relatively big margin through increased government appropriations, more

channels of fund raising, and enhancing laws and regulations aimed at promoting education. By 1997, the city's education outlay should account for 2.5 percent of the its gross domestic product. The districts and counties will also increase their education outlay by a relatively margin. In the next three years we will pay close attention to building auxiliary educational facilities while developing new residential zones. The various districts must pay close attention to this work from the high plane of promoting socialist spiritual civilization in their respective districts. They must ensure the standards, rate of progress, and quality of educational facilities in new residential zones in planning, project approval, fund allocation, and acceptance before examination.

(28) We will earnestly implement "Opinions of the CPC Central Committee and State Council on Strengthening the Work of Popularizing Science and Technology" and vigorously promote propaganda and education on scientific knowledge, scientific methods, and scientific ideas. Focusing on the goal of turning Shanghai into a civilized city, we should publicize scientific knowledge on ecology, the environment, health, and disaster prevention. We should publicize basic knowledge about new and high technology, international finance and trade, and key areas of information services, and promote the widespread use of computers. In popularizing knowledge about science, we should provide more channels for youngsters, rural cadres, and leading cadres at all levels to acquire knowledge and become thoroughly familiar with scientific ideas and methods.

We will institute a system of joint meetings to coordinate and organize the city's overall efforts in regard to popularization of science. We will increase spending on popularization of science and encourage enterprises, public organizations, and other establishments to make donations or run public service facilities devoted to this purpose. We should make full use of science halls and youth science centers to popularize knowledge about science.

We will implement positive measures to ensure we have a small but stable and efficient contingent of specialists and enlist more volunteers to the ranks of personnel for popularizing scientific knowledge. We should encourage more scientific and technological personnel, artists, journalists to take part in and promote popularization of science. We should establish a "popular science award" for those who have done excellent work.

(29) We should continue our efforts to make the Shanghai science and technology festival a greater success. We should turn it into a large-scale event that is open to Chinese and foreigners, participated extensively by all quarters across the country, and gives justice to Shanghai's achievements in popular science work. This festival should become an event for spread and application of science and technology achievements, for academic exchange among scientific and technological personnel, and for mass popular science activities.



We should use the radio, movies, television, newspapers, books, audio and video products, and other information media to popularize science in various forms, such as special reports, special columns, and special publications to form a good custom of studying science, loving science, talking about science, and employing science in the entire society.

(30) We should further advocate the importance of respecting knowledge and respecting talented people, and extensively and penetratingly unfold activities of "learning knowledge, learning sciences, and learning technologies." The "three learning" activities should be integrated with the training of large numbers of capable people urgently needed for revitalizing and developing Shanghai. We should continue to promote such activities in enterprises, classes and families, and follow the principle of learning at spare time on voluntary basis without using public funds. We should encourage people to make improvements in their respective posts. We should continue to unfold "reading activities for revitalizing the Chinese nation." We should commend and publicize advanced typical examples in the "three learning" activities. We should further raise the level of learning and gradually turn the learning activities into a standard and systematic endeavor.

#### 7. Prosper Cultural Work, Develop First-Rate Culture

(31) We should adhere to the orientation of serving the people, socialism, and the policy of "letting a hundred flowers bloom and a hundred schools of thought contend." We should emphasize the main theme while encouraging a diversified development of culture. We should develop first-rate culture suitable for Shanghai. We should have a large number of noted theorists, writers, artists and other specialized talents; we should have influential research institutes of social sciences, art colleges, art troupes, newspapers, radio and television stations, and publishing houses; and we should have cultural facilities which meet the international standard. We should create spiritual products which have outstanding and long-lasting value.

(32) We should strive to produce more and better spiritual products to satisfy the people's increasing need for cultural works based on the principle of integrating economic results with social benefits and of laying stress on social benefits. Newspapers should follow correct guidance in making reports and raise the quality of articles and columns. Associations of social sciences should encourage theoretical workers to further improve their academic level and research work. Literary and art federations and writers' associations should organize writers and artists to go deep into the reality of life and seriously study and scale new heights in art. We should have new movies, new television programs, and new dramas every month, and strive to produce some news works with nationwide influence that will be well-received by the masses. The publishing departments should publish some books which can meet the national

standard with important cultural value. We should pay attention to implementing the "five-A project" and produce one or two good movies, one or two good TV dramas, one or two good theatrical works, some good books and some good articles. We should strengthen reviews and comments on books, movies, and dramas.

(33) We should strengthen reform of the system for managing cultural undertakings, and establish a system suitable for the socialist market economy. We should further whip up the enthusiasm of writers and artists and encourage them to make efforts to prosper cultural work. We should deepen the reform of cultural schools and troupes, and complete the task of changing their operational system within three years. We should strengthen the capability of cultural undertakings, and enable them to be responsible for their own decisions about their operation and expansion and to cooperate with state enterprises in their operation. We should establish an evaluation system for various kinds of cultural undertakings. We should gradually establish and improve markets for cultural talents, cultural training, cultural information, and audio-video products, and establish and improve cultural intermediaries. In 1995 we should reasonably allocate cultural resources, promote the development of art production, and further improve our economic policies regarding cultural undertakings. We should improve the accounting work of cultural undertakings, strengthen the management of state-owned cultural assets, establish investment companies related to cultural work, and raise the economic results of funds for cultural work. The operational departments and intermediaries of various cultural undertakings should adopt a competitive and reward system, and gradually turn cultural undertakings into independent entities responsible for their own decisions about their operation and expansion.

(34) We should continue to vigorously promote national culture, and enthusiastically support high-brow art and public cultural undertakings. A set of "Shanghai Municipal Procedures for Assessing and Managing Theatre Groups Receiving Key Support" should be formulated. More key support should be given to literature and art academics and groups which represent the state's art achievements and the splendid national art tradition in order to help them attain the highest national and international standards. All social sectors should continue to show concern for and help promote high-brow art. The quality and artistic nature of simple art forms should be improved, and the art should be admired together with high-brow art.

(35) We should energetically carry out open-air cultural activities to create a cultural atmosphere in the municipality. Efforts should be made to help all types of mass cultural activities develop further and enrich the masses' cultural life. All districts and counties should conduct mass cultural work in a creative manner and in light of local conditions, and form their own unique culture. A cultural corridor comprising cultural facilities of rather

high standards and where cultural activities of certain quality take place should be built along Jinshan County, Fengxian County, Nanhui County, Pudong New District, Baoshan District, Chongming County, and state farms in coastal areas through the joint efforts of the Army and people in building spiritual civilization. We should continue our efforts to organize such mass cultural activities as the Huangpu travel fair, October Song Fest, and exhibitions of theatrical works by nonprofessionals. We should also launch activities to establish advanced cultural districts and counties, and cultural halls and stations. We should encourage institutions to open up their cultural facilities to the public, and provide more venues of cultural activities to the masses.

(36) We should carry out more external cultural exchanges and propaganda. We should continue to organize the Shanghai international television, movie, art, music, and young people's cultural and art fairs; improve our organizational skill; and increase our influence inside and outside China. We should meticulously write and arrange some classical plays that would fully reflect our national characters and Shanghai's standard. We should also meticulously design and produce souvenirs that symbolize Shanghai and are suited to the needs of Chinese and foreign guests in order to increase Shanghai culture's impact in foreign country. We should effectively run foreign-language newspapers and periodicals and external radio and television programs, so that the world could increase and gain more comprehensive knowledge of Shanghai. We should continue to carry forward the splendid national culture and absorb other splendid foreign cultural achievements by conducting Sino-foreign cultural exchanges through multiple channels, at all levels, and in all directions.

(37) We should vigorously carry out mass sports activities to help municipal residents build powerful physiques, temper their willpower, and cultivate a competitive and cooperative spirit. We should continue to promote all-people physical exercises, and through such methods as setting up typical examples and increasing propaganda, guide the masses of people toward selecting suitable training methods. Enterprises and institutions should try their best to set the stage for mass sports activities. More sports facilities should be open to the public to enable more people from major residential areas undergo training in the nearest sports facilities. One is strictly forbidden to occupy sports facilities. All units should regard physical training as an important task for improving the quality of workers and staff members, and set up a system, establish training facilities, and organize activities to achieve this aim. We should attach importance to physical training for youths. We should designate a few middle schools as our key sports schools, using them to train reserve athletes. We should provide better guidance to grass-roots sports activities. We should promote sustained and deepgoing mass sports activities through various sports competitions, and build a large number of grass-roots units that are each unique in itself, such as the "Home of Martial

Arts" and the "Home of Track and Field." We should improve our sports standards, carry forward the spirit of fighting bravely to win honor for the country, and strive to score good results in major national and international competitions. We should make full preparations to greet the 1996 National Peasants' Games and the 1997 Eighth National Games in this municipality.

(38) We should build a group of representative cultural facilities. We should concentrate on the following key cultural construction projects: New buildings for the Shanghai Library and Shanghai Museum, Great Shanghai Theatre, Dongfang Music Hall, Shanghai City of Circus, Longhua Cemetery of Revolutionary Martyrs, Shanghai Youth Cultural Center, Shanghai Book City, Shanghai Science and Technology Center, Activity Center for the Shanghai Federation of Societies of Social Sciences, Shanghai Academy of Social Sciences Branch Building, 80,000-People Stadium, Shanghai International Tennis Center, Shanghai Ice Hall, Shanghai Shooting Range, and sports centers for 10 districts and counties.

We should concentrate on upgrading our cultural facilities. Technological upgrading for the publishing sector should be basically completed. The Chedun On-Location Movie Base and the Donghai Television and Movie Paradise should take initial shape in the next three years. While carrying out technological upgrading for radio and television stations, the press, and libraries, we should also rely on scientific and technological progress to vigorously develop the information sector.

(39) We should do a good job of planning and building district, county, neighborhood, and small-town cultural facilities. The construction of district and county cultural facilities should keep pace with district and county economic and social development, and it should mesh with the construction of key municipal cultural facilities. All districts should build modern, multifunctional cultural centers in light of their own distinctive features, and should build culture streets. To promote material and spiritual civilization simultaneously, all counties should promptly draw up plans for the construction of cultural facilities to supplement urban planning as they move toward the urbanization of suburban areas. Cultural facilities in residential areas should perform their functions as the sites of learning, exhibitions, recreation, and social contacts by launching activities such as the reading of books, newspapers, and periodicals; publicity and education aimed at popularizing science and technology; and recreation and sports. They should also actively serve young and elderly people. All districts and counties should build a number of demonstration neighborhood (small-town) cultural facilities, which they should gradually promote in keeping with local conditions.

#### **8. Strengthen the Legal System and Standardize Civic Behavior**

(40) Observance of discipline and the law is an important aspect of civic quality. In promoting spiritual civilization, Shanghai should absorb and draw on the experiences of advanced countries in municipal

administration. It should improve and perfect relevant laws and regulations in light of China's conditions, the ethos of the times, and the distinctive features of Shanghai as a metropolis. Aside from reinforcing moral education, it should launch a thoroughgoing and sustained drive aimed at publicizing the legal system through education so that citizens will understand the laws directly related to their work and lives, moral standards, and codes of conduct; will become more public-minded and law-conscious; and will strive to become well-mannered citizens.

(41) Over the next three years, we should focus on strengthening the legal system, improving relevant laws and regulations, and stepping up publicity on the legal system regarding issues that affect Shanghai's appearance and have a direct bearing on people's interests, such as public order, the management of out-of-town migrants, traffic control in urban areas, environmental protection, sanitation, urban greening, orderly construction practices, legitimate business operations, the protection of consumers' rights and interests, and the maintenance of order in public places and at cultural and recreational facilities. We should focus on educating leading cadres at all levels on the legal system, and should strengthen education on the legal system among citizens through the mass media and other channels. Party, government, and cadre schools at all levels should include education on the legal system in their curricula. We should stress education aimed at disseminating legal knowledge in schools, and nurture the good habit of observing discipline and the law among children since their childhood.

(42) We should work conscientiously to ensure that laws are observed and enforced strictly, and that illegal acts will be punished. We should step up publicity regarding those laws and regulations that have been promulgated—"Regulations of the People's Republic of China on Managing Public Order and Punishing Offenses Against Public Order," the "Law of the People's Republic of China on Advertisements," "Regulations of Shanghai Municipality on Sanitation Administration," "Regulations on the Management of Traffic Safety," "Interim Provisions Banning Smoking in Public Places," "Regulations on the Management of Fireworks Safety," "Interim Provisions on Hiring Out-of-Town Migrants," and the "Law on the Protection of Consumers' Rights and Interests." We should enforce these laws more rigorously, and should conscientiously maintain public order, ensure orderly municipal administration, and safeguard people's interests. We should improve law-enforcement personnel's quality and ensure good manners on the part of law-enforcement personnel.

(43) We should continue improving the management of cultural and recreational markets, and build more flourishing, wholesome, and orderly cultural and recreational markets. We should exercise management over those markets in accordance with the law; further improve the system of "two-tiered management at two levels of

government" regarding cultural and recreational markets; and establish a cultural and recreational market administration network. We should promote wholesome and beneficial cultural and recreational activities, and persist in "eliminating pornography and combating illegal publications." We should refrain from betting at racecourses; setting up lottery firms; engaging in various types of gambling; setting up gambling dens for foreigners; organizing beauty contests; providing companionship at dinner, drinking, and dancing; and setting up establishments that provide bawdy entertainment in any form in an effort to resolutely curb social ills.

(44) We should draw up standards for guiding residents' conduct and provisions governing mass activities in building a spiritual civilization. In 1995 we shall draw up the "Standards for Guiding Shanghai Residents's Conduct" and explicitly demand that Shanghai residents observe laws and discipline, safeguard public ethics, correctly handle human relations, pay attention to courtesy, and encourage healthy trends. We shall make the first week of March each year public ethics education week, during which propaganda and educational activities will be held to enhance residents' awareness of observing public ethics. All trades and professions should draw up and improve "Standards for Guiding Professional Ethics in Trades" in light of reality.

We shall draw up the "Regulations of Shanghai Municipality for Managing Civilized Units," the "Regulations of Shanghai Municipality Governing Joint Efforts by Soldiers and Civilians To Build a Spiritual Civilization and To Educate One Another," the "Regulations of Shanghai Municipality Governing the Management of Civilized Public Association Centers," and the "Regulations of Shanghai Municipality Governing the Management of Civilized Small Districts," in order to further standardize mass activities for building a spiritual civilization.

#### **9. Raising the Civilization Level in Urban Areas by Making Communities the Carriers**

(45) The main tasks of strengthening the building of a spiritual civilization by making communities the carriers are: Showing concern for the lives of the masses, working for the masses, improving construction of public projects, doing well the work that "facilitates the people and serve their interests"; improving ties between the party and government on the one hand and the masses on the other; strengthening the management of urban areas to ensure that communities are safe, orderly, and civilized; strengthening community education, security, and sports, health, and cultural work, and other social undertakings so as to create a good environment and a solid foundation for reform, development, and stability. To strengthen community construction, we should take advantage of cooperation between central and local authorities and between soldiers and civilians and optimize the quality of the environment and improve services and community images in conjunction with urban construction and management.



(46) We should continue the "window and environment" project and persist in grasping grass-roots units, basic quality, and management at the foundation. In the "window" project, we shall continue it until the masses set their minds at ease, praise the project, and feel comfortable with it; efforts should be made to purify and beautify the environment by planting more trees. We shall strive to promote standard as well as quality service. We should correctly use the motherland's spoken and written language and vigorously popularize the use of Mandarin. Trades that are closely related to the lives of the masses should strengthen management and rely on communities in strengthening supervision so as to gradually standardize services.

It is necessary to strengthen environmental and health work in order to improve the quality of environment in urban areas. With communities as the base, we should launch mass spiritual construction activities aimed at building Shanghai into a national sanitary city. On the basis of the nation's "top ten" sanitary cities, we should go all-out to raise the sanitary level of our city and strive to build, by 1996, Shanghai into a national hygiene city. Efforts should be made to ensure that the roads that represent the appearance of the downtown area (including the Pudong New District) are clean and beautiful, and that the "six vices" phenomena will be eliminated in other roads—(spitting indiscriminately, throwing garbage indiscriminately, putting up makeshift buildings indiscriminately, piling goods or other materials indiscriminately, posting posters indiscriminately, and setting up stalls indiscriminately). A marked improvement should be made in environmental protection. Noise pollution in urban areas must be brought under control, and there should be a marked improvement in the quality of sources for drinking water and in the treatment of industrial waste water and city waste water. Efforts should be made to increase the number of gas users among the residents. Efforts will be made to ensure that sanitation of public places and foods meet the standards set by the government. Health education should be further popularized. Efforts should be made to strengthen the building of public places with trees. We must ban the occupation of green areas at will and expand the acreage of forest cover. Within the next three years the average per-capita green area in the city should reach 2.2 square meters or more, and forest cover in the city should reach 17.5 percent or more. We should actively develop sculpture in a planned way so as to build some giant sculptures in public places that will embody Shanghai's cultural level.

(47) We should concentrate on creating the civilized image of Shanghai by beginning with communities and trades. We should proceed with this work meticulously, set up examples to guide the way, and gradually popularize it throughout the city.

We should expand the building of civilized small districts. The standards for civilized small districts should

be: Neat, clean, and beautiful environment; social stability; all-round community service; harmonious relations among neighbors; and rich cultural life. The creating of civilized small districts should go hand in hand with the building of small safe districts. In 1995 we will build 100 city-class civilized small districts.

We should build 12 sites that symbolize civility: The Hongqiao International Airport, the Shanghai Railway Station, the inner elevated ring road, the first subway line, a 16-berth wharf for passenger transport, Waitan [the Bund], the People's Square, the Yuyuan commercial district, the Xujiahui district, Nanjing Road, Sichuan North Road, and Huaihai Road. Whether an area symbolizes civility or not is judged by the following criteria: The area is clean, tidy, and charming; it is among the first to achieve the goal of providing standardized services; and it enjoys social stability and order.

All trades and professions should actively foster new practices. We should encourage 10 trades and professions in Shanghai to adopt new practices over the next three years. Whether a trade or profession adopts new practices or not is judged by the following criteria: Measuring up to standard in all areas of service, adopting healthy practices, being a national leader among its peers, and being rated by citizens as being basically satisfactory.

(48) We should foster a good atmosphere in which people build and cherish their cities in an effort to heighten citizens' sense of social responsibility. We should vigorously launch mass activities aimed at promoting spiritual civilization by encouraging people to become well-mannered citizens, and to create civil units and cities.

We should continue launching thoroughgoing activities aimed at creating civil units and at promoting material and spiritual civilization in grass-roots units. In 1995 we should recommend a number of municipal-level civil units for participation in a national contest where they should aim to rank among the top contestants. We should do an even better job of encouraging joint Army-civilian and police-civilian efforts at promoting spiritual civilization, and of carrying out "double-support" work. We should give full rein to the role of Shanghai-based soldiers, armed police, public security cadres, reservists, and militiamen in promoting spiritual civilization.

We should launch more activities to create civil units, such as "civil teams and groups," "civil public transport terminals," "civil airports," "civil Pujiang," and "civil downtown areas." In 1995 we should set up eight municipal-level "civil public transport terminals." We should improve our way of doing things, guard against formalism, improve the standards of activities aimed at creating civil units, and deepen and broaden the drive for spiritual civilization.

#### **10. Strengthen the Party's Leadership Over Spiritual Civilization**

(49) Spiritual civilization affects the overall drive for building socialism with Chinese characteristics. Party

committees and administrative leaders at all levels should take spiritual civilization seriously. As in economic work, they should step up efforts to conduct investigations and study, draw up plans and measures, increase input, provide relevant personnel and funds, and conduct timely inspections to see if such personnel and funds are indeed provided. All departments should actively participate in and support the drive for spiritual civilization under the unified leadership of party committees. All commissions, offices, district and county bureaus, and workers', youth, and women's organizations should draw up and implement plans for promoting spiritual civilization in light of their own conditions; and they should truly carry out all relevant tasks.

We should make the effort to promote spiritual civilization one of the criteria for evaluating cadres' performance. We should award units, departments, and individuals that have scored remarkable achievements in promoting spiritual civilization.

(50) Party organizations at all levels should strictly demand honesty, self-discipline, and hard work from cadres. They should ask all party members to improve their own qualifications, and to earnestly put into practice the patriotic, collectivist, and socialist ideas and ethics that they advocate. Party members and cadres should first do what they demand of people, and use good party conduct to improve civic conduct. They should lend active support to units and localities in promoting civility; spearhead the drive for public welfare; show concern for people around them; set an example for people; and promote spiritual civilization in units and society.

(51) Party organizations at all levels should attach importance to augmenting the ranks of cadres who conduct propaganda and ideological work. These cadres should take the lead to study Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, adhere to the party's basic line, and move in unison with the party Central Committee ideologically, politically, and action-wise. They should foster a mass viewpoint, serve the people wholeheartedly, serve socialism, and serve the overall interests of the entire party and nation. They should uphold the materialist dialectics and refrain from taking a one-sided approach. They should also act in the spirit of seeking truth, adopt a pragmatic style, and make due contributions to promoting spiritual civilization in Shanghai with a high sense of responsibility and great dedication.

(52) The people's teachers perform the lofty mission of educating and training people. The vast number of teachers should work hard to improve themselves, and become more dedicated and make more tributes. We should adopt effective measures to augment the teaching ranks, and considerably improve the overall quality of Shanghai teachers in three years. We should focus on formulating provisions for the implementation of the "Teachers' Law" and procedures for implementing the

system of teaching certificates. We should expand the roles of backbone teachers, pay attention to training young teachers, and train a large number of top-notch teachers in keeping with the requirements for first-rate education.

(53) We should earnestly beef up our team of professional workers in the propaganda and cultural departments. We should fully expand the roles of old experts of great attainments and achievements, and discover and train splendid young and middle-aged talents. We should make an effort to cultivate a group of theorists who have fully mastered the theory on building socialism with Chinese characteristics, have a thorough knowledge of Western and Chinese subjects, and put theory into practice; a group of renowned reporters, editors, and hosts who adhere to the correct orientation, portray our life with insight, and are popular among the people; a group of publishers who are well versed in party and state principles and policies, have a strong sense of social responsibility, and are knowledgeable about their business; and a group of writers and artists who move closely with the times, love the motherland and people, and have consummate artistic skill. We should attract and recruit splendid cultural talents. We should improve the political quality of all types of experts, and recruit them as party members. We should also work hard to train a group of high-level cultural managerial and administrative experts.

In recent years, Shanghai has followed a clear-cut objective for promoting spiritual civilization, done solid work, concentrated on relevant media, promoted mass participation, worked unswervingly, and continuously made progress. Over the next three years, it should continue to adhere to, enrich, and develop its experiences and methods. Reform, opening up, and the development of the socialist market economy have presented new opportunities and conditions for promoting spiritual civilization, but have also made many new demands on it. Party organizations at all levels should continuously study these new situations, sum up new experiences, and solve new problems, so as to elevate spiritual civilization to a new level in the next three years, and help Shanghai usher in the 21st century with a brand-new look.

#### Shanghai Economic, Social Development Report

OW2604121295 Shanghai Jiefang RIBAO in Chinese  
27 Feb 95 p 2

["Excerpts of the Report on the Implementation of the 1994 Plan for Shanghai Municipal Economic and Social Development and the Draft 1995 Plan for Municipal Economic and Social Development, Delivered by Xu Kuangdi, Vice Mayor of Shanghai Municipality, at the Third Session of the 10th Shanghai Municipal People's Congress on 17 February 1995"]

[FBIS Translated Text] Fellow deputies:

On behalf of the Shanghai Municipal People's Government, I now deliver a report on the implementation of the 1994 Plan for Shanghai Municipal Economic and Social Development and opinions on formulating the 1995 plan, for your examination and approval.

**1. The Implementation of the 1994 Plan 1. The objective of maintaining a sustained, rapid, and healthy economic development was basically attained.**

In 1994 Shanghai's economy continued the good trend of fairly rapid development. The annual gross domestic product [GDP] amounted to 196.67 billion yuan, up 14.3 percent from 1993. The overall economic efficiency reached a fairly good level.

The readjustment of the economic structure yielded a remarkable effect, with a rapid increase of new economic growth points. In 1994, tertiary industry, with such major components as banking, commerce, transport and telecommunications, played an even greater role in promoting Shanghai's economic growth. The added value of the tertiary industry totalled 77.99 billion yuan, and the proportion of its output value in the GDP increased to 39.6 percent in 1994 from 37.9 percent in 1993. The six major pillar industries [automobiles, electronics information equipment, the complete set of power station equipment, petroleum and fine chemicals, iron and steel, and electric appliances for household use] further showed the benefits of their fairly large-scale production and they applied more advanced technology. Their market prospects are good. Agricultural production grew steadily. The 1994 total vegetable supply increased by 3.8 percent over 1993, with the supply from year-round vegetable fields increasing by 13 percent. The contractual purchase of grain and oil-bearing crops was fully completed. **2. Initial success was achieved in reforms for adapting operational mechanisms to the socialist market economy.**

In 1994 we seriously organized the major reform of the fiscal and taxation, banking, foreign exchange, and foreign trade systems in accordance with unified central plans and achieved a smooth transition from the old to the new structure. In the meantime, we implemented important measures to step up macroeconomic regulation and control and thus ensured a sustained, rapid, and healthy economic development.

In 1994 local revenues totalled 17.53 billion yuan, of which the district- and county-level revenues accounted for nearly 50 percent. The export trade volume was \$9.08 billion, up 23 percent from 1993. Retail sales of consumer goods totalled 77.07 billion yuan, up 23.5 percent from the preceding year. **3. Major construction projects were completed on schedule and urban appearance improved remarkably.**

The inner beltway was completed and open to traffic. The People's Plaza, with a brand-new appearance, was opened to the public. Subway Route No. 1 became completely operational. In Pudong District, five roads, a

bridge, and the Kuangxin road overpass were completed. The second-stage construction of the Santana sedan project has increased production capacity by 200,000 cars. A 300,000-kw generator set was completed at the Waigaoqiao power plant. The Oriental Pearl TV tower was opened to tourists. A number of business facilities and housing areas were successively completed. The entire city now is a scene of prosperity and vitality.

**4. Pudong's development and opening up maintained a good momentum and the economic growth rate in the new district continued to be higher than the average of the municipality.**

In 1994 the New Pudong District's GDP hit 29.12 billion yuan, up 28.6 percent from 1993, and its proportion in the municipal GDP increased to 14.8 percent from 10.8 percent in the preceding year. The district's export trade volume was \$1.8 billion, up 79 percent and accounting for 19.8 percent of the municipal total. In 1994 Shanghai signed 1,035 direct investment contracts with foreign investors and absorbed \$2.62 billion of foreign capital on the basis of agreement, showing 12 percent and 51.4 percent increases over the preceding year, respectively. The number of domestic cooperative enterprises continued to increase, with an accumulated total of more than 3,800. **5. Science, technology, education, and social undertakings developed with economic development simultaneously.**

In 1994 Shanghai implemented 456 projects, with a total investment of 2.01 billion yuan, under the "Spark," "Torch," and "Scientific and Technological Achievements Popularization" Programs, and the projects have increased the municipal annual output value by 10.28 billion yuan. In 1994 Shanghai made more than 1,700 scientific and technological achievements, and appraised and confirmed 350 high-tech enterprises. The number of private science and technology enterprises has exceeded 7,100. The construction of eight national-level engineering research centers has started in Shanghai.

Nine-year compulsory education has become universal and passed appraisal in Shanghai's 20 districts and counties. In higher education, the distribution of educational resources has been gradually optimized through the process of "joint development, merger, and readjustment." Shanghai's Jiaotong, Fudan, and Foreign Language Universities are under the joint development of the State Education Commission and Shanghai Municipality. The Foreign Trade College has been put under local administration. Four municipal institutions of higher education have been merged and became Shanghai University. Vocational, technical and adult education of various forms at various levels further developed. The educational TV station was completed and began operation. Some 205,000 people took the residents' foreign language and computer application ability evaluation tests, which were the first ever held in China.

At the same time, public health, culture, sports, and other social undertakings developed in an all-round way.



## II. 1995 Targets and Major Tasks

Shanghai's 1995 major macroeconomic targets are:

- (1) a 10 to 12 percent increase over 1994 in GDP;
- (2) a 97 percent sales rate of industrial products;
- (3) an 8 percent increase over 1994 in total fixed assets investment;
- (4) an additional floor space of 8 million square meters in housing construction;
- (5) a 21 percent increase over 1994 in retail sales of consumer goods;
- (6) a 15 percent increase over 1994 in export trade volume;
- (7) keeping the increase in the rate of retail commodity prices around 15 percent;
- (8) a 14.1 percent increase over 1994 in local revenue and a basic balance between revenue and expenditure;
- (9) continuing a good momentum in use of foreign capital;
- (10) a 5 percent decrease in energy consumption per 10,000 yuan of GDP.

To achieve the major planned targets for 1995, it is necessary to carry out the following tasks well: **1. Efforts should be made to step up structural readjustment and to improve the quality of the economy as a whole.**

In 1995 we should continue the transformation from extensive management to intensive management in economic development, accelerate the strategic readjustment of the industrial structure, correctly set priorities for the development of industries, and further raise the quality of Shanghai's economic operations as a whole.

In developing the tertiary industry, we should stress improving its production capability, enlarging its scale, strengthening its service functions, and giving play to its radiating role. First, we should develop a specialized, socialized service network to serve the primary and secondary industries. Second, keeping in mind the objective of establishing an international economic, financial, and trade center, we should speed up the building of a central commercial zone and vigorously push forward the project for the relocation of industries. Third, we should improve and standardize a modern market system and promote the building and development of big markets. Fourth, we should further accelerate the development of tourism and step up the building of both hardware and software [ying jian yu ruan jian 4289 0115 5280 6516 0115] for tourism.

In developing the secondary industry, we should focus on the selling rate of products, increase the proportion of the pillar industries in Shanghai's industry as a whole, upgrade industrial technology, raise our managerial levels, and improve our economic returns. First, we

should continuously develop readily marketable products and vigorously open up markets. Second, we should accelerate the readjustment of the industrial structure and bring about a rapid development of pillar industries. Third, we should continue to expand our cooperation and joint investment with internationally noted corporations and foster and develop large, up-to-world-standard enterprise groups.

We should further study and readjust the distribution of productive forces and explore new ways to strengthen and improve the regional economy in the new situation in order to make the regional economy play its role better in Shanghai's economic and social development. On the basis of investigation and study, we should further define the functions of the district and county economies and properly distribute productive forces in the three districts and six counties in Shanghai's suburbs. In infrastructure construction, we should appropriately increase investment in the suburban counties of the municipality and further accelerate the urbanization of rural areas. **2. It is necessary to effectively strengthen the agricultural foundation and to further stabilize agricultural production.**

In 1995 we should strive to steadily increase the production of major farm products, carry out appropriate-scale operations on fields producing commodity grain, and speed up the building of an agricultural demonstration area. We should continue to strengthen the building of the "vegetable basket" project, consolidate and improve the areas producing nonstaple foods, and ensure that the acreage sown to vegetables is upward of 10,000 hectares at all times, 1,700 hectares of which should be vegetable gardens. In this regard, we should take the follow measures: First, we should continue to introduce, breed, and popularize improved varieties, actively import advanced management expertise and production equipment from abroad, and expedite the development of agricultural technology. Second, we should build and consolidate nonstaple-food-producing areas and make vigorous efforts to develop agricultural enterprises. Third, we should continue to increase investment in agriculture, raise funds through various channels to support agriculture, put stress on readjusting the structure of agricultural production, step up farmland capital construction, and keep improving conditions for agricultural production. **3. Shanghai should play its role as "the dragon's head," further promote the development and opening-up of Pudong, and strengthen the radiating role of the new district.**

In the Lujiazui Trade Zone, we should concentrate on the development of key blocks this year. Of the 100 big buildings under construction, 25 should be completed or the building of their structural frameworks should be finished. We should speed up the planning and construction of the Lujiazui communications center. We should focus on attracting domestic and foreign financial and trade organizations and transnational corporations to set up shop in Lujiazui. In the Jinqiao Export Processing Zone, 50 projects will be started this year, the completion of which will bring an additional 5 billion yuan of

output value to the zone. This will initially establish the zone's industrial functions as an export processing zone. In the Waigaoqiao Bonded Area, we should complete the development of 2.3 square kilometers of land, start the construction of 500,000 square meters of floor space, complete the construction of 550,000 square meters of floor space, and plan and build some large specialized markets; we should open a corridor for the bonded area and further expand the area's functions. In the Zhangjiang High-Technology Park, we should accelerate the construction of infrastructural facilities, and the 10 high-technology projects that have entered the park should develop an appropriate-scale production capability as soon as possible.

**4. We should continue to open up and blaze new trails, further deepen reform, and open Shanghai wider to the outside world.**

First, we should focus our efforts on establishing a modern enterprise system and deepen the reform of state-owned enterprises. We should seriously carry out, on a trial basis, comprehensive auxiliary reforms and reform of certain specific system at selected enterprises according to the "Company Law" and the requirements for establishing the modern enterprise system.

Second, we should further improve the state property management system. In this regard, we should continue to explore a multilevel, highly efficient state property management system, expand the experiment on authorized operation of state property, and rationalize the relations of state property management.

Third, we should use foreign capital in a more effective way. We should concentrate on improving the overall quality of projects and ensure success in a number of large and extra-large projects of overall significance. We should rationally guide foreign investment into proper fields, accelerate the use of foreign capital in the high-tech and service trade fields, actively explore ways to use foreign capital in urban infrastructural construction, and promote the use of foreign capital in the development of real estate industry, with the emphasis shifted to building low-priced commercial housing and to building schools, hospitals, and other public facilities in housing areas.

Fourth, we should continue to maintain the good momentum in export trade. We should comprehensively implement the "Guiding Plan" for export trade, optimize the mix of export goods, and actively push qualified large and medium-sized state-owned enterprises into the international market to participate in international competition. Our enterprises abroad should explore ways to open up the international market.

Fifth, we should comprehensively improve urban management. While further promoting urban infrastructural construction, we should learn from and use the advanced management experience and methods of large Chinese

and foreign cities, earnestly improve our urban management, and give full play to the overall functions of an urban center. We should conscientiously pay attention to environmental protection, improve the urban ecological environment, and step up tree planting. We should promote family planning and improve management of the floating population. **5. We should actively develop science, technology, education, and social undertakings to bring about a coordinated economic and social development.**

In science and technology, we should pay attention to the following work: First, great efforts should be made to develop high-tech industries. We should accelerate the development of computer, software, modern bio-engineering, pharmaceutical, and other new industries. We should speed up the construction of the Shanghai high-tech development zone, continue to carry out well the "Spark," "Torch," and "Scientific and Technological Achievements Popularization" Programs, and promote the industrial use of high-tech achievements. Second, we should organize the implementation of the "information port" plan and substantially start the satellite project. Third, we should further develop and prosper the technology market and step up the establishment and improvement of the service system for technology market. Fourth, we should encourage the general public to make investments in science and technology and continue to improve the multichannel science and technology investment system. Fifth, we should accelerate the selection of leaders for major branches of science and continue the efforts to implement the plan for cultivating young scientists and technicians.

In general education, we will continue to improve the quality of nine-year compulsory education, develop senior middle school education, and enable about 80 percent of junior middle school graduates to go to higher-grade schools. In higher education, we will continue to readjust and optimize the structure, raise the quality and efficiency of school management, and expedite the implementation of the "211 Project". In 1995 local schools of higher learning will enroll 17,300 students. In adult education, we will strengthen on-the-job training and training for job changes, keeping in mind the need to improve the quality of the work force. Meanwhile, we will continue to pay close attention to launching the "spacious mansion" project for solving the housing problem for teachers.

We will actively develop culture, public health, and other social undertakings, and intensify the building of socialist spiritual civilization. This year, in conjunction with the 50th anniversary of the victory of the War of Resistance Against Japan and the 60th anniversary of the Red Army's Long March, we will conduct education in patriotism and in plain living and hard work through a variety of campaigns. On the basis of deepening the reform of the public health system, we will further improve public health and disease prevention, perfect the three-level medical and health networks, introduce a

reform program for medical insurance system at an appropriate time, and raise the quality of medical service at various levels. In addition, we will successfully sponsor the 10th Shanghai municipal games.

**III. Resolutely Obey the Central Government's Macroeconomic Regulation and Control, and Ensure Effective Local Overall Balance and Regulation**

The orientation of the state macroeconomic regulation and control this year is to control the scale of fixed asset investments, to control the growth of consumption funds, and to adopt an appropriate stringent financial and monetary policy. To ensure the unification of national economy and market, all comprehensive departments should further change functions and work concertedly to ensure effective macroeconomic regulation and control. **1. We will resolutely control price rises and continue to ensure stable market supply.**

First, in line with unified state arrangements, we will consolidate circulation order and ensure stable supply of staple and nonstaple foods, mainly on grain, cotton, edible oil, meat, vegetables, and chemical fertilizers.

Second, we will tackle prominent contradictions and solve some deep-rooted longstanding problems with innovative ideas. In assessing enterprise deficits, we will separate losses due to poor operations from losses related to the policy in order to enable enterprises to gradually assimilate their operational losses. We will set a rational price disparity between purchasing and marketing prices of farm products, strengthen the management of vegetable wholesale markets and fair trade markets, build closer links between districts and counties, and encourage farmers to set up vegetable markets. We will continue to perfect the system of stockpiling commodities for regulating their supply in times of need and for stabilizing their market prices.

Third, we will perfect the price control system and control market prices according to the law. We will set up special price regulatory funds for controlling temporary and sudden steep fall or skyrocketing in prices. We will establish a price monitoring, warning, and analyzing system to keep abreast of price fluctuations promptly, accurately, and comprehensively. We will intensify the supervision over various exchange markets and prices of capital goods, and standardize the mechanisms for price formation. In line with the "interim provisions for stopping activities to reap exorbitant profits," we will formulate the municipal rules and regulations in a bid to codify price control.

Fourth, we will strive to stabilize market supply of staple and nonstaple foods. We will further set up 100 supermarkets and 500 convenience stores, and quicken the pace to introduce fair trade. We will develop instant and semi-instant foods of all kinds, and improve the overall efficiency and further modernize the "vegetable basket" project. We will improve the market system of nonstaple foods and set up a multi-level supply network consisting

of vegetable markets, nonstaple food stores, supermarkets, convenience stores, and fair trade, thereby stabilizing and balancing nonstaple food supply in Shanghai. **2. We will control the scale of fixed asset investment, optimize the investment pattern, and increase investment returns.**

This year, with the requirement for strictly controlling the scale of fixed asset investment, we will strengthen the intensity of readjusting the investment pattern, increase the input into farmland irrigation facilities, step up the construction of the highway transportation network, and accelerate the construction of major projects for the pillar industries and housing construction. In line with the principle of concentrating resources to ensure key projects and their completion and operation, we will carry out 42 major projects. Their completion and operation will further improve Shanghai's investment environment and build up its stamina for further economic development.

To further strengthen overall macroeconomic management of fixed asset investments, we will adopt the following measures: (1) We will continue to strictly control new projects, and assign fixed asset investment plans to lower levels in stages, with priority given to investment plans for continued projects. (2) We will implement, on a trial basis, a registration system for projects and firmly reject projects without construction conditions, sufficient funds, and good market prospects. (3) We will improve the management of commercial housing construction, guide investors to build mainly ordinary residential living quarters and their auxiliary facilities, and strictly control high-grade construction projects. (4) We will strengthen the management and planning of land, strictly control the occupation of basic grain fields and facilities of vegetable fields, perfect the procedures for approving land leases in batches, and prevent losses of state-owned assets. (5) We will step up the auditing of investments and supervision of projects, and exercise strict control over construction quality. Meanwhile, we will step up guidance and coordination of investments by districts and counties and provide good information service. **3. We will control the growth of consumption funds and steadily improve the people's living standards.**

We will strictly control institutional consumption, strengthen supervision and inspection, and regulate consumption. We will improve the management of wage funds and earnestly implement the relevant state and municipal regulations for managing wage funds. Meanwhile, along with the gradual implementation of the modern enterprise system, we will explore ways and means for improving and strengthening the management of consumption funds.

On the basis of economic development, we will gradually raise the people's living standards. In line with the principle that workers' actual incomes increase at a rate below that of economic growth and labor productivity,



we will strive to continue to increase workers' actual incomes. Meanwhile, we will adopt effective measures to help retirees and low-income residents and solve problems in their daily life. We will constantly perfect the municipal relief policy for the poor, and gradually carry out aid-to-the-poor work on a regular, systematic, standard, and socialized basis. Furthermore, we will expedite the establishment and improvement of the social security system. **4. We will strengthen the allocation of funds, standardize fund management, and raise the utilization rate of funds.**

In allocating funds, we will ensure key areas. We will give priority to the procurement of farm and subsidiary products and the stockpiling of important commodities and goods, to the production and export operations of enterprises manufacturing quality goods in market demand and with good efficiency, and to the construction of major municipal projects.

In fund management we will emphasize standard procedures. We will step up supervision over various funds and guard against irregularities in collecting fees, imposing fines, and pooling funds. We will step up supervision over revenues from land leases in batches and from public housing, and guard against misappropriation and losses of funds.

In accommodating funds, we will increase their utilization rate. While continuing to bring into play the leading role of state specialized banks, we will further build up commercial banks' credit capability. Meanwhile, we will guide enterprises to ensure funds for production, allocate special funds to ensure key projects, and minimize idle funds. **5. We will conscientiously ensure balanced supply and demand and effective forecasts of important energy resources and raw and semifinished materials.**

Comprehensive departments must go all out to balance and monitor supply and demand, study changes in market supply and demand, and seize the opportunity to ensure the supply of materials in good time. We will continue to explore energy and material resources, conserve energy, and work hard to lower the consumption of energy and raw and semifinished materials. Meanwhile, we will take effective measures to ensure the power supply. We will see to it that the No. 2 generating unit of the Waigaoqiao power plant is completed and put into operation on time. We will quicken the pace of upgrading low-pressure power grids. We will further strengthen planning and the conservation of power consumption to ensure adequate power supply through the consumption peak in summer. **6. We will pay close attention to the drafting of Shanghai's Ninth Five-Year Plan for Economic, Social, and Urban Development, and the Program Until 2010.**

Drafting the ninth five-year plan and the 2010 program will be an important task of this year's economic work. Doing a good job in drafting the cross-century program will exert a significant influence on development in the next few decades. While drafting the ninth five-year plan

and the 2010 program in conjunction with the revision and improvement of Shanghai's overall urban development plan, we will pool the wisdom of all and work concertedly in order to fully manifest Shanghai's strategic development goal and the organic combination of the economic and social development plan and overall urban planning. Before the end of this year we will organize forces from various sectors and—on the basis of in-depth investigation and study, scientific discussion and verification, and straightening out and achieving unity in thinking—will work out a practical and feasible proposed framework for the program as soon as possible.

Fellow deputies!

The 1990's are a crucial decade for Shanghai's rejuvenation and development, and 1995 is a crucial year for inheriting the past and forging into the future. Let us—under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and under the leadership of the party Central Committee, the State Council, and the municipal party committee—work hard with one heart and one mind and strive to create a new situation in turning Shanghai into an international economic, financial, and trade center!

### Central-South Region

#### Guangxi's 1st Quarter Performance Reported

HK0105145595 Nanning Guangxi People's Radio  
Network in Mandarin 1130 GMT 20 Apr 95

[FBIS Translated Text] The regional statistics bureau called a news conference on the morning of 20 April to report on the situation of our region's economic operation in the first quarter.

When briefing reporters on our region's economic situation (Qin Zhuofan), head of the regional statistics bureau, pointed out: In the first quarter of this year, our region's economy operated in a steady manner, with basically smooth operation in various links, whereas the situation was interwoven with good news and worries.

In the first quarter of this year, the whole region realized 32.213 billion yuan of GDP, up 12.3 percent over the same period last year per comparable prices. Prices have risen less drastically. The rate of regionwide price increases dropped from 26.4 percent in January to 21.7 percent in March, and the rate of resident consumption price increases dropped from 29.5 percent to 24.2 percent, down 4.7 percent and 5.3 percent respectively.

A good trend of agricultural development was seen in our region in the first quarter of this year. From January to March, the added value realized by the whole region in agriculture, forestry, animal husbandry, and fisheries hit 5.461 billion yuan, up 19.7 percent over the same period last year. Spring plowing and planting made further progress. The total yield of meat throughout the region hit 585,100 tonnes, up 27.4 percent over the same period last year.

Overall industrial production continued to rise, with marked structural changes. From January to March, the regionwide gross industrial output at and above the township level hit 25.919 billion yuan, up 5.9 percent over the same period last year. Fixed-asset investment continued to rise, and the investment structure improved.

(Qin Zhuofan) said: In the first quarter, the urban and rural markets in our region were stable and tended to flourish, tremendous growth was achieved in foreign trade, financial revenue continued to rise, and the financial situation was basically stable. The per capita income available for urban dwellers' living expenses hit 1,344 yuan, and peasants' per capita cash earnings reached 405.9 yuan.

According to (Qin Zhuofan), the key problems of our regional economy at present are: First, the processing industry is markedly restricted by weak basic industries; second, the growth of regionwide industrial production is slowed down by a fall in the production of heavy industry; third, state-owned enterprises are not vigorous enough, and their economic benefit is still on the decline; fourth, the structure of industrial products is irrational, thus causing a serious overstock of end products; and fifth, prices still tend to rise drastically, and so the general price index is quite high.

#### Discipline Inspection Official Visits Hainan

HK0105145795 Haikou Hainan People's Radio Network in Mandarin 2300 GMT 20 Apr 95

[FBIS Translated Text] At the Qiongyuan Guest House yesterday afternoon [20 April], provincial party Secretary and Governor Ruan Chongwu met with Hou Zongbin, deputy secretary of the CPC Central Commission for Discipline Inspection, who had come to Hainan to inspect the work here.

Du Qinglin, deputy secretary of the provincial party committee and chairman of the provincial people's congress standing committee; Dong Fanyuan, member of the provincial party committee standing committee and secretary of the provincial commission for discipline inspection; and Vice Governor Wang Xueping, member of the provincial party committee standing committee, attended the meeting.

At the meeting, Ruan Chongwu briefed Hou on Hainan's situations in economic construction and in the building of stricter party conduct and clean government, and they exchanged views on relevant issues.

During his inspection of Hainan, Hou Zongbin went deep into such places as Haikou and Sanya to inspect the situations there in launching the anticorruption drive, in building stricter party conduct and clean government, and in fostering leading cadres' honesty and self-discipline. He affirmed the work done by Hainan, through reform and system building, in checking the

outbreak of negative and corrupt phenomena, and commended cadres at all levels in Hainan and the masses on their spirit of doing solid work and struggling hard.

#### Hubei Leaders Address Town Enterprise Meeting

HK0205074695 Wuhan Hubei People's Radio Network in Mandarin 1000 GMT 10 Apr 95

[FBIS Translated Excerpt] From 6 to 9 April, the provincial party committee and government held a meeting in Wuxue City on the work concerning the province's township and town enterprises. The main topic of the meeting was to sum up and exchange experiences, commend the advanced, analyze the situation, form a clear idea of the tasks, and discuss major plans for developing township and town enterprises. [passage omitted]

Leaders of the provincial party committee, the provincial people's congress, the provincial government, and the provincial committee of the Chinese People's Political Consultative Conference, including Jia Zhijie, Jiang Zhuping, Yang Yongliang, Wang Shengtie, Deng Guozheng, Xu Xiaochun, and Xie Peidong, attended the meeting. [passage omitted]

During the meeting, the participants visited 15 township and town enterprises in Wuxue City, where the provincial party committee and government presented cash awards to 400 fine entrepreneurs. Jiang Zhuping analyzed the development trend of township and town enterprises throughout the province and set the work target for this year. He said: Last year the gross output value of township and town enterprises throughout the province amounted to 165.61 billion yuan, an increase of 64.5 percent over the previous year, higher than the country's average. But in comparison with advanced provinces and municipalities, there is still a major gap to cover. We must size up the situation and have a strong sense of urgency and mission about this work. For this reason, the provincial party committee and government have set the work target for township and town enterprises throughout the province this year as follows: They must produce a business income of more than 200 billion yuan, with a gross output value of more than 220 billion yuan; their gross industrial output value must total more than 135 billion yuan, with an increase of more than 35 percent in profits and taxes. Jiang Zhuping pointed out: To fulfill this year's target, we must further emancipate our minds, update our concepts, adhere to the principle of great development and enhancement, and focus on producing better economic results.

Jia Zhijie, secretary of the provincial party committee, made an important speech at the meeting, stressing: There is a need to widen the channel of thought on large-scale development and enhancement, to combine high speed and efficiency with a focus on the latter, to develop production to a certain scale, and to introduce conglomerate operation. On deepening reform, Jia Zhijie stressed: Taken as a whole, the province still lacks impetus in reforming township and town enterprises.

[words indistinct] The shareholding cooperative system must be actively introduced in accordance with the requirements for establishing a modern enterprise system. All levels of party committees and governments must stand in the forefront of reform, carefully provide guidance, make active explorations, and carry out bold experiments. We must prevent the practice of rushing headlong into mass action and applying a single solution to diverse problems and must gradually reach standardization in the course of development. [passage omitted]

Yang Yongliang, deputy secretary of the provincial party committee, made a report entitled "Abiding by Economic Rules, Seizing the Opportunity, and Expediting Development Amid the Favorable Situation." He asked all levels of leaders and departments to strengthen their measures on promoting township and town enterprises. [passage omitted]

Wang Shentie, member of the provincial party committee's standing committee and vice governor of the province, made arrangements for the large-scale development and enhancement of township and town enterprises. He stressed the need for all localities to increase investment, to improve efficiency, to rely on their own efforts, to widen the channel of investment, and to extensively pool capital for township and town enterprises' development. There is a need to improve management institutions and perfect management methods. [passage omitted]

### Southwest Region

#### Yunnan Province 1994 Statistical Communiqué

HK0604035995 Beijing YUNNAN RIBAO in Chinese  
15 Feb 95 p 2

[Communiqué issued by Yunnan Provincial Statistics Bureau; date not given: "Statistical Report Issued by Yunnan Statistical Bureau on National Economic and Social Development in 1994"—all increases/decreases compared to 1993]

[FBIS Translated Text] In 1994, under the leadership of the provincial party committee and government, the people of all nationalities in Yunnan comprehensively carried out the guiding principle of the CPC Central Committee of the CPC—"seize opportunity, deepen reform, open wider to the outside world, promote development, and maintain stability." As a result, great progress was made in reform and opening up; positive effects were achieved in macroeconomic regulation and control; the national economy maintained its sustained, rapid, and healthy development; and new accomplishments were scored in all social services including education, science and technology, culture, public health, physical training. According to initial statistics (Note: The figures listed in this communiqué are bulletin ones), the GNP for the whole year was 86.7 billion yuan, an increase of 11 percent (Note: With the GNP and the added values of various industries, the absolute amounts are calculated according to current prices while their

growths are worked out according to comparable prices, chiefly including remuneration for workers, profits, tax revenue, and depreciation charges but excluding various intermediate consumption values such as energy and raw materials), which includes growth in the primary, secondary, and tertiary industries, of 3, 15, and 16.1 percent respectively. The major problems in the operation of the economy are insufficient effective demand in the rural market, the slow development of prefectural and county industries, and the still relatively great pressure from inflation.

#### I. Agriculture

With a bumper harvest in agricultural production, the rural economy developed comprehensively. Despite the relatively grave natural calamities which befell some areas, however, a bumper harvest in agricultural production was achieved in 1994 through the efforts by the cadres at various levels and the masses of the people. The 1994 agricultural output value rose to 23,449 billion yuan, up 3 percent. Grain output hit a historical record. The outputs of major industrial crops increased to different degrees, except for flue-cured tobacco, which decreased owing to the reduction in the cultivated area.

The outputs of major agricultural products were as follows:

	Year 1994	Percent increase
Grains	11,464,700tonne	5.6
Including: Cereals	9,961,700tonne	6.4
Beans	721,100tonne	-5.8
Tuber crops	781,900tonne	8
Oil-bearing Crops	139,500tonne	4.5
including Rape-seed	90,600tonne	0.2
Sugarcane	9,280,000tonne	3.1
Flue-cured tobacco	592,300tonne	-32.3
Tea	63,800tonne	4.6
Fruit	501,400tonne	5.1

Relatively good achievements were scored in afforestation and forestry production. In 1994, the afforestation area in the whole province reached 350,000 hectares, overfulfilling the plan. The output of principal forest products recorded increases, with natural rubber output reaching 113,100 tonne, a growth of 18.3 percent. Owing to the improvement in forest protection and fire prevention, the forest cover rose slightly.

Sustained growth was registered in animal husbandry production. The number of slaughtered pigs throughout the province increased by a large margin, while the output of meat, milk, poultry, and eggs grew to varying degrees.

The outputs of major livestock products and the number of livestock were as follows:



	Year 1994	Percent increase
Meat	1,125,000 tonne	10.0
including: Pork	991,900 tonne	10.4
Milk	94,600 tonne	1.7
Slaughtered pigs	12,330,000 head	10.9
Year-end live pigs	21,930,000 head	1.1
Year-end live sheep	6,650,000 head	6.0
Year-end live draught animals	9,460,000 head	0.7

Fishery production developed steadily. The output of aquatic products was 68,500 tonne, up 17.5 percent.

The conditions of agricultural production improved further. By the end of 1994, the province boasted 8.5 million kw of farm machinery power, up 8 percent; 10,600 large and medium-sized tractors, down 9.4 percent; 27,200 trucks, up 20 percent; and 743,000 kw of power generating machines for irrigation and drainage, up 1.5 percent. The rural power consumption went up to 1.937 billion kwh, up 15.2 percent. Farmland under effective irrigation increased by 80,000 hectares. Nevertheless, the ability of agriculture to resist natural calamities was still weak and the task of capital construction on farmland and water conservation was still very arduous.

Township and town enterprises developed rapidly. In 1994, the total revenue of township and town enterprises in Yunnan amounted to 38.4 billion yuan, up 70.5 percent, effectively promoting the development of the rural economy.

## II. Industry and Building Industry

Industrial production rose rapidly and economic returns continued to improve. Propelled by the deepening reform, the industrial sectors in Yunnan worked hard to open up new markets and overcome difficulties so that they were able to maintain a good momentum of rapid development. The industrial added value was 38.013 billion yuan, up 15.2 percent, including a 16 percent growth in state-owned industry, 9 percent growth in collective industry, and a 20 percent growth in private industry and in industries of other economic types. With the advantages of "two famous-brand cigarettes" more fully exploited, the tobacco processing industry increased its total output value by 21.4 percent. Owing to the adjustment in both industrial set-up and product mix, there were fast increases in the output of major energy products and raw materials; however, the output of most light industrial products dropped to varying degrees as a result of market changes.

The outputs of major industrial products were as follows:

	Year 1994	Percent increase
Raw coal	25,713,000 tonne	7.1
Generated energy	20.091 billion kwh	16.8

including: hydropower	13.145 billion kwh	38.3
Steel	1,336,700 tonne	14.6
Finished steel	1,381,400 tonne	22.2
10 nonferrous metals	327,200 tonne	12.3
Cement	8,568,300 tonne	17.0
Industrial timber	1,440,700 cubic meters	-1.3
Plate glass	1,534,900 weight cases	16.7
Sulfur	657,700 tonne	6.9
Chemical fertilizers for farming (in terms of 100% ingredients)	985,900 tonne	4.8
Metal cutting machine tools	7,493 sets	-9.3
Small tractors	18,000 sets	-21.2
Yarn	35,000 tonne	-9.2
Cloth	130,000,000 meters	-24.3
Sugar	806,000 tonne	-10.4
Crude salt	406,200 tonne	-1.9
Cigarettes	6,023,300 cartons	13.2
Baked tea	42,600 tonne	-14.1
Machine-made paper and paperboard	247,600 tonne	13.5
Bicycles	120,200 sets	-61.0
Television sets	99,400 sets	-21.6
Domestic washing machines	47,400 sets	-4.0
Domestic refrigerators	35,500 sets	-2.2

The economic returns of industry continued to improve. The composite index of the economic returns of all the independent accounting industrial enterprises at or above the township level was 204.6, an increase of 40.49 percentage points. Of this, the sales rate of industrial products was 96.35 percent, down 1.05 percentage points; the profit rate on cost and expenses was 19.62 percent, up from 9 percent; the rate of industrial added value rose from 45.36 percent to 50.27 percent; the per capita labor productivity calculated according to added value rose by 20.8 percent; and the turnover of circulating funds slowed down from 2 to 1.67 times.

The construction industrial production developed in a sustained way. Building enterprises completed 4.698 billion yuan in added value, up 13.6 percent. The floor space under construction by state-owned building enterprises was 8,110,300 square m, up 24.4 percent, while the floor space completed was 3,037,700 square m, up 3-percent. The per capita labor productivity was 37.639 yuan, up 3 percent and the tax revenue delivered was 170 million yuan, up 20.6 percent.

New results were achieved in geological prospecting. In 1994, the units under the provincial geology and mineral

resources bureau accomplished a total of 127,500 m in drilling work, discovered five new mines, and verified a new staple mineral reserve.

### III. Investment in Fixed Assets

The growth in fixed assets investment dropped. Some 33 billion yuan was invested in fixed assets, up 31.3 percent (with price factor deducted, the actual growth was 15.5 percent). The growth margin fell by 47.4 percentage points. This included 24.5 billion yuan invested by state-owned units, up 35.1 percent; 4.3 billion yuan by units under collective ownership, up 15.3 percent; and 2.63 billion yuan by urban and rural inhabitants, up 14.3 percent. Of the investment by state-owned units, 14.5 billion yuan was invested in capital construction, up 34.3 percent; 7 billion yuan in upgrading and transformation, up 29.2 percent; 2.38 billion yuan in the development of real estate, up 63 percent; and 0.62 billion yuan in other projects, up 31.9 percent. In terms of subordination, investment in central projects was 6.8 billion yuan, up 54.9 percent, and that in local projects was 17.7 billion yuan, up 28.7 percent. The state-owned invested projects under construction numbered 6,850 in 1994, virtually the same as in 1993. Among these projects, 4,018 were started in 1994, a rise of 9.1 percent.

The investment by state-owned units included 3.185 billion yuan in energy industry, up 52.6 percent, while the proportion of investment rose from 11.8 to 13 percent, and 4.165 billion yuan in transportation and post and telecommunications, up 2.5 percent, while the investment proportion dropped from 22.9 to 17 percent.

Remarkable accomplishments were scored in key construction projects. A total of 8.03 billion yuan was invested in 57 key projects under construction, some of which were either completed or put into operation during the year, such as the Manwan Power Station with an installed capacity of 500,000<sup>1</sup> project to divert water from the Er Hai to Binchuan County, the Second-class Anning-Chuxiong Highway specially for motor vehicles, the Second-class Baoshan Airport, the Dianxi Cement Plant, the microwave telecommunication line, and some other projects. All these have added great momentum to the economic development in Yunnan.

### IV. Transportation and Post and Telecommunications

Production in transportation and post and telecommunications developed steadily. In 1994, the transportation and post and telecommunications industries gained an added value of 3.681 billion yuan, up 22.9 percent, but the inadequate vitality of state-owned professional transport enterprises remains an outstanding problem.

The performances of transportation undertaken by various transport systems were as follows:

	Year 1994	Percent increase
Volume of freight transport	11.85 billion tonne/km	-1.8

Railway transport	10.802 billion tonne/km	1.7
Highway transport	0.962 billion tonne/km	-28.7
Water transport	0.06 billion tonne/km	-21.1
Air transport	0.026 billion tonne/km	8.3
Volume of passenger transport	8.573 billion head/km	-0.7
Railway transport	2.443 billion head/km	6.9
Highway transport	4.440 billion head/km	-7.3
Water transport	0.019 billion head/km	-20.8
Air transport	1.671 billion head/km	9.3

The post and telecommunications undertakings developed rapidly. The volume of business in post and telecommunications in 1994 reached 0.914 billion yuan, up 63.5 percent. Throughout 1994, a total of 8,556 long-distance telephone lines were added and telephone exchanges with a handling capacity of 45,900 terminals were installed. There were 802,500 city telephone subscribers, up 444,500, among which the program-controlled telephone subscribers numbered 760,100, up 502,100. There was a total of 561,700 telephone sets in the province and 107 counties (cities) have been connected to the nationwide long-distance automatic telephone trunk network.

### V. Domestic Trade and Market Prices

The domestic consumer goods market grew steadily. The volume of retail sales of consumer goods totalled 30.5 billion yuan, up percent (the actual figure basically equals that of 1993 if the price factor is deducted). The total amount includes 14.75 billion yuan in cities, up 25 percent; 8.37 billion yuan in counties and towns, up 7.3 percent; and 7.38 billion yuan in areas below the county level, up 11.8 percent. The total volume of retail sales by the state-owned commercial sector was virtually equivalent to that in 1993, while the collective sector increased by 9 percent and the individual, private and other commercial establishments by 44.2 percent. The volume of retail sales to nonagricultural inhabitants by peasants grew by 26.9 percent.

The purchase and sales volumes by material supply and marketing enterprises somehow declined but the sales volume of agricultural materials went up to some degree. The means of production purchased by the material supply and marketing enterprises at or above the county level were valued at 12.71 billion yuan, down 7.1 percent, while the sales volume was 14.11 billion yuan, down 4.8 percent. The volume of retail sales of agricultural means of production amounted to 3.9 billion yuan, up 17 percent (the actual growth was 2 percent if the price factor was deducted).

The general level of market prices started at a high point and rose substantially. The retail prices of commodities rose by 16 percent, rising by 13.8 percent in cities and towns and by 17.9 percent in rural areas. The inhabitant consumer prices grew by 19.2 percent, rising by 17.3 percent in cities and towns and by 19.9 percent in rural areas.

The percentage rises in the various prices were as follows:

1. Residents' consumer price	19.2
including: 1) in cities and towns	17.3
2) in rural areas	19.9
including: prices of various services	19.9
2. Commodity retail price	16.0
including: 1) in cities and towns	13.8
2) in rural areas	17.9
including: Foodstuffs	27.2
Cereals	46.4
Oils	50.5
Garments, footwear and hats	9.2
Daily-use articles	13.0
Stationery and sport goods	4.7
Publications	29.5
Chinese and Western medicines	12.3
Building and decorative materials	0.3
Fuels	-4.8
3. Retail price of agricultural means of production	14.6
4. Purchase price of capital goods	10.1
5. Ex-factory price of industrial products	16.7

#### VI. Foreign Economic Relations

Import and export trade grew by a large margin. The trade volume of imports and exports in 1994 amounted to \$1.344 billion, up 60 percent, including \$0.91 billion in export volume, up 74 percent, and \$0.434 billion in import volume, up 36.9 percent. In terms of export product mix, machinery and electrical products were valued at \$151.74 million, up 48.2 percent, and their proportion in export products dropped from 19.6 to 16.7 percent. The export volumes of 18 products exceeded \$10 million.

Border trade continued to expand, its volume amounting to 3.577 billion yuan (including 1.36 billion yuan in the total volume of imports and exports on an agency basis), up 24.5 percent. This included 2.17 billion yuan in export volume, up 12.8 percent and 1.41 billion yuan in import, up 48.3 percent.

Tourism developed vigorously. The number of foreign tourists, overseas Chinese, and compatriots from Hong Kong, Macao, and Taiwan visiting Yunnan was 522,000, up 28.8 percent, and the foreign exchange revenue from tourism was \$124 million, up 19.2 percent.

The utilization of foreign capital grew steadily. Foreign funds actually utilized amounted to \$314 million, up 38.9 percent. This included \$203 million in direct foreign investment, up 12.8 percent. Throughout the year, some 262 foreign-funded enterprises were registered.

Relatively great progress was made in foreign economic and technical cooperation. The total amount for contracts entered into with foreign partners with respect to contracted projects, labor service cooperation, designing, and consultation was \$105 million, up 1.56 times, and the turnover actually realized was \$21.52 million.

#### VII. Banking and Insurance Services

The banking institutions throughout Yunnan seriously carried out the fiscal policies formulated by the central government and, as a result, the bank deposits kept growing noticeably and the size of loans was controlled within the framework of state planning.

At the end of 1994, various deposits at the national banks amounted to 68.487 billion yuan, up 41.8 percent. This included 30.619 billion yuan in institutional deposits, up 39.9 percent and 35.14 billion yuan in urban and rural residents' deposits, up 39.3 percent. The loans granted by national banks within the year totalled 60.604 billion yuan, up 30.1 percent. This include 46.482 billion yuan in short-term loans, up 35.3 percent, and 8.7 billion yuan in loans for capital construction and technical innovation, up 18.6 percent. The money supplied throughout the year amounted to 4.158 billion yuan, up 1.37 times, and the year-end currency in circulation was 13.55 billion yuan, up 44.2 percent.

Foreign exchange deposits grew quite rapidly. At the end of 1994, the foreign exchange deposits at national banks amounted to \$543 million, up 20.6 percent.

Insurance services developed rapidly. The insurance amount covered was 200.103 billion yuan, up 43.7 percent, with insurance premiums totalling 1.105 billion yuan, up 30.5 percent. The total insured amount include 99.556 billion yuan in domestic property insurance, up 24.5 percent, and 0.559 billion yuan in insurance premiums, up 35.6 percent. Some 12,600 enterprises and other institutions joined the enterprise property insurance program, 2,858,900 households joined the family property insurance program, and 7,518,700 individuals joined the life insurance program. Insurance companies handled 96,200 claims for domestic property, paying out 325 million yuan for the cases settled and 66.38 million yuan to 129,000 individuals with life insurance cover.



### VIII. Science, Education, Culture, Public Health, and Sports

New results were achieved in science and technology. In 1994, 180 projects in Yunnan obtained provincial Scientific and Technological Progress Awards and 34 projects the Spark Awards. Throughout the year, 883 applications for patent were processed and 439 approved. Yunnan also signed 1,794 contracts on technical and economic cooperation, with a transaction amount of 119 million yuan. Scientific and technological units transferred 300 scientific and technological achievements to industrial enterprises at a value of 25.6 million yuan. The province approved the setting up of a state engineering and technological research and development center and a provincial-level pilot base.

New advances were made in educational undertakings. In 1994, the educational institutions enrolled 323 post-graduates, up 17.5 percent. Regular universities and colleges in Yunnan enrolled 15,800 new regular and junior college students, up 3.8 percent, and the undergraduates numbered 51,300, up 3.4 percent. The students at secondary specialized schools numbered 94,300, up 11.3 percent; the students at regular senior middle schools 175,200, down 1.8 percent; students at regular junior middle schools 1,242,700, down 1.9 percent; and primary school pupils 4,506,100, up 1.5 percent. The attendance rate of school-age children was 96.9 percent and the enrollment rate of primary school graduates rose from 67.6 to 71.2 percent. Adult education developed rapidly. The students in adult colleges numbered 33,400, up 14.9 percent; at adult secondary vocational schools, 33,400, up 12.1 percent; and at adult primary schools, 442,100, up 28.7 percent. In 1994, 350,000 adults became literate.

Cultural undertakings continued to develop. By the end of 1994, Yunnan boasted 134 art galleries, 128 cultural centers, 148 public libraries, 24 museums, 160 archive establishments, 13 radio stations, 41 medium- and short-wave transmitting and relay stations, 15 TV stations, 29 TV transmitting and relay stations of 1 kw and above, and 12,200 satellite ground stations for TV reception. Four feature films and two documentary films were produced by Yunnan in 1994, while 153 new films were distributed by the provincial film corporation.

Steady progress was made in medical care and health protection. Hospital beds in the province numbered 83,400 by the end of 1994, up 1.1 percent. Professional medical personnel totaled 110,900, up 2.9 percent, including 57,700 doctors, up 3.9 percent.

New accomplishments were made in sports activities. Yunnan athletes won three gold and one bronze medal at the Asian Games and 13 gold, 8 silver, and 15 bronze medals at the National Games; one athlete broke an Asian record, thus winning honor for Yunnan as well as China.

### IX. Population and People's Livelihood

According to a sample survey regarding population changes in Yunnan, the birth rate was 21.8 per mille,

death rate 8 per mille, and natural growth rate 13.8 per mille. The population of Yunnan totalled 39.392 million at the end of 1994, up 540,000.

The residents' income increased steadily. A sample survey revealed that the per capita income of urban residents was 3,109.96 yuan, up 30.9 percent; after allowing for the price rise factor, the actual growth was 11.6 percent. The per capita income of peasants was 803 yuan, up 19 percent; after allowing for the price rise factor, the actual growth was 4.6 percent.

There was a further rise in workers' wages. The total payroll for workers was 13.24 billion yuan, up 35 percent; the average wage was 4,279 yuan, up 33.2 percent and, after allowing for the price rise factor, the actual growth was 13.6 percent.

Continued improvement was made in the housing conditions of urban and rural residents. In 1994, houses with a total floor space of 6.35 million and 16 million square m were built in cities and towns and in rural areas respectively.

Constant advances were made in social welfare. There are 729 social welfare institutions with 16,600 beds accommodating 9,162 people throughout the province. A total of 4.799 million people received government relief in urban and rural areas on different occasions.

Fairly great developments were made in environmental protection. By the end of 1994, there were 1,800 people working with the environmental protection institutions throughout the province. There were 86 environmental monitoring stations at different levels and four state-level natural reserves. Within the year, with a total investment of 51.971 million yuan, 70 projects for controlling environmental pollution within a specified time were completed. At the end of 1994, 30 smoke and dust control zones with an area of 116.53 square km were established in six provincial cities, and 37 environmental noise control zones with an area of 74.4 square km had been set up in three cities.

Note: The base period figures used in the comparisons of various indexes are all based on the official statistics published in the "Yunnan Statistics Yearbook."

### North Region

#### Over 1,000 Policemen Patrol Beijing's Streets

OW0205113795 Beijing XINHUA Domestic Service in Chinese 1120 GMT 1 May 95

[By reporter Niu Aimin (3662 1947 3046)]

[FBIS Translated Text] Beijing, 1 May (XINHUA)—On 1 May, the International Labor Day, a festive atmosphere permeated Beijing streets and red flags fluttered on the vast Tiananmen Square. In accordance with the stipulations of the "Regulations Governing Patrolling by the Beijing Municipal People's Police," adopted by the

Beijing Municipal People's Congress Standing Committee, Beijing's patrol policemen began serving the masses on the streets today.

Forming a crowd at the Tiananmen Square, Wangfujin Street, Xidan Street, and Qianmen Avenue, tens of thousands of workers and their families happily celebrated their own festival. The reporter noticed that Beijing's patrol policemen frequently appeared among the crowd on major streets and crowded places in Beijing. A female engineer of the General Company of Astronautics Industry said to the reporter at the southern gate of Wangfujin Street: "We feel much safer, and the masses of people can rely on someone when policemen begin patrolling Beijing's streets. Such patrolling is good for ensuring Beijing's fine social order and for serving the common people."

Zhang Liangji [1728 5328 1015], director of the Beijing Public Security Bureau, said to patrol policemen on duty by the Chongwen Street: "While performing patrolling and law-enforcement duties, you should regard serving the masses as your most important task. It is your duty to help old people, children, the wounded, the handicapped, and those in urgent need, and safeguard social order."

Many people stopped to look at Beijing's patrol policemen near Qianmen Avenue.

Wang Diandong [3769 3013 2767], commander of the Beijing Municipal People's Patrol Police, made the following introduction: "The Beijing Municipal People's Patrol Police began performing patrolling and law-enforcement duties in eight Beijing urban and suburban districts and major tourist resort areas today. Under various circles' active support, the measure was prepared and implemented in accordance with stipulations of the 'Regulations Governing Patrolling by the Beijing Municipal People's Police,' which was adopted by the Beijing Municipal People's Congress Standing Committee. Today, 1,000 patrol policemen who have undergone regular training began performing patrolling and law-enforcement duties in stipulated districts."

It has been learned that after Beijing's Chongwen and Haidian Districts began police patrolling on a trial basis since 1 January 1994, remarkable improvements occurred in various aspects, including social order, traffic order, urban environment, and administration over economic activities on the streets. Furthermore, the number of crimes and violations of social order dropped drastically and patrol policemen performed over 400,000 good deeds for the masses.

Mou Xinsheng, vice minister of public security, said: Establishing a police patrolling system in large and medium-sized cities across China is a new way for China's public security organs to manage the volatile social order [dong tai zhi an 0520 1966 3112 1344]. Practice showed that when people's police are performing patrolling and law-enforcement duties, they effectively safeguard social order and improve urban administration.

#### Streets Said 'Safer'

OW0105160295 Beijing XINHUA in English 1544  
GMT 1 May 95

[FBIS Transcribed Text] Beijing, May 1 (XINHUA)—More than 1,000 well-trained patrol policemen began patrolling today in eight Beijing urban and suburban districts and its tourist attractions.

"We now feel much safer on the street and such patrolling is conducive to maintaining Beijing's good social order," said an engineer of an aviation and aerospace industry company when she saw policemen patrolling around the Wangfujin Dajie, a downtown shopping center.

While patrolling, police put their service for the people in the first place, helping the old, handicapped and those in urgent need, said Zhang Liangji, director of the Beijing Public Security Bureau.

Police patrolling, which began first in two districts of the city in January, 1994, was introduced in line with a set of relevant regulations endorsed by the city's legislature.

### Beijing Fair To Attract Taiwan Investment Ends

OW3004120195 Beijing XINHUA Domestic Service in Chinese 1638 GMT 29 Apr 95

[By reporter Wang Wei (3769 5588)]

[FBIS Translated Text] Beijing, 28 Apr (XINHUA)—The 1995 Beijing Fair To Attract Taiwan Investment ended here today. Vice Mayor Lu Yucheng of Beijing city attended the agreement signing ceremony at Beijing Hotel.

According to the sponsoring unit, contracts, agreements, and intention letters for a total of 173 projects were signed. The total amount of agreed investment reaches \$2.01 billion, including \$1.03 billion to be invested by Taiwan and foreign businessmen. Among all the projects, 13 of them have an investment of more than \$10 million each.

### Fujian To Strengthen Exchanges With Taiwan

HK3004062795 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0912 GMT 15 Mar 95

[By Shi Qingbin (2457 3237 1755)]

[FBIS Translated Text] Beijing, 15 Mar (ZHONGGUO TONGXUN SHE)—Chen Mingyi, governor of Fujian, said that in April or May this year, the Taiwan Affairs Office, Ministry of Communications, and Ministry of Foreign Trade and Economic Cooperation under the State Council will send a team to Fujian to guide the province in implementing concrete measures to strengthen its exchanges with Taiwan in response to the important speech made by General Secretary Jiang Zemin.

In an interview with our reporter, Chen Mingyi said: Grasping this opportunity, Fujian is preparing to use Xiamen as the spearhead to develop cooperation with Taiwan first in the southeast of the province and later extending to the entire province, in a way that is even more open and adopting a policy that is even more preferential than before. He said Fujian wants to develop some important projects and propose some new policies, all of which will be implemented after a period of time.

He pointed out that if the "three contacts" are realized, then the favorable position of Fujian Province will be even more obvious. He said that apart from covering the existing Taiwan investors' development zones, the preferential policies adopted by Fujian in relation to its opening to the outside world will extend also to some new Taiwan investors' development zones next to Quanzhou and Mawei development zones. In addition, there are Taiwan investor trading zones and bonded zones in Fuzhou and Xiamen, so the whole coastal area will be an open zone.

Governor Chen said: As cities designated for financial experiment, Fuzhou and Xiamen now have over a dozen foreign-owned international banks, and the numbers and

scale of operation are increasing. And given its right to implement certain free port policies and pass certain local legislation, Xiamen is in a most favorable position with regard to expanding its economic cooperation with Taiwan. In addition, Quanzhou is a comprehensive reform trial zone of the state, Sanming is a state forestry reform experiment zone, and Longde is a state experiment zone for reforming and opening up poor areas in the mountains. With these preferential policies in place, Fujian is at a big advantage in strengthening its economic contacts with Taiwan.

### Matzu Troops Fire at Fishermen, Killing One

HK0105125295 Beijing ZHONGGUO XINWEN SHE in Chinese 1244 GMT 28 Apr 95

[By correspondent Zhou Xiang (0719 5046)]

[FBIS Translated Text] 28 Apr (ZHONGGUO XINWEN SHE)—When a fishing boat of Huangqi township of Fujian's Lianjiang county, which was engaged in nongovernmental trade, was having a transaction with a Matzu trader near the waters of Matzu island on the afternoon of 23 April, the troops garrisoned in Matzu opened fire at them, killing one and injuring two.

The fishing boat of Lianjiang's Huangqi, which was a wooden one, bearing the plate number "1056" and registered in Fujian, had an appointment with the Matzu trader to deliver vegetables, sweet potatoes, frozen chicken legs, and other foodstuffs. When the transaction was being carried out on the afternoon of 23 April in the waters between Matzu's Daxiaoqi and Beigan, the garrisoned troops in Matzu suddenly opened fire at them. In view of this situation, the boat immediately changed its direction and tried to flee home. However, the Matzu garrison troops assigned a dozen soldiers to pursue the boat, and they fired a hundred rounds. Fisherman Wei Muzhu was shot to death on the spot. The other two fishermen were seriously injured in the arm. The boat also was hit by 34 shots.

According to statistics by the Taiwan Affairs Office of Lianjiang County, since the beginning of this year alone, eight fishing boats and 33 people have been detained by the Matzu garrison troops, and there have been four firing incidents, which killed one and injured five. This is the first time that fishermen have been attacked for delivering foodstuffs to the soldiers and people on the island. The incident has seriously hurt the feelings of the people across the Strait.

### Fujian To Build Port for Cross-Strait Trade

OW0105095695 Beijing XINHUA in English 0933 GMT 1 May 95

[FBIS Transcribed Text] Xiamen, May 1 (XINHUA)—Construction of a 10,000-dwt port started today in Jinjiang city of Southeast China's Fujian Province.



The port, situated in Weitou peninsula in Jinjiang, is only 5.6 nautical miles away from the Jinmen Island in the Taiwan Straits.

A total of 130 million yuan will be invested in the project. When completed in 1997, the port will have an annual capacity of 480,000 tons of cargos, including 24,000 standard containers.

Jinjiang was an important port in southern China during the Ming and Qing dynasties (1368-1911), as it has a wide and deep water course and good harbors.

Also, it is a major hometown for overseas Chinese. Since 1980s, trade across the Taiwan Straits has prospered, as the city has made full use of its geographic advantages.

In 1991, the Weitou village, where the port is to be built, was designated by the provincial government as the first place to conduct Fujian-Taiwan trade.

The port will further promote the growing exchanges across the Taiwan Straits, play an important role in the economic development of both sides and contribute to the unification of the motherland, local officials said.

#### Relatives of Accident Victims Return to Taiwan

OW2804162695 Beijing XINHUA in English 1600 GMT 28 Apr 95

[FBIS Transcribed Text] Wuhan, April 28 (XINHUA)—The relatives of eight Taiwanese who died last Sunday in a boating accident on Shennong Creek, in Hubei Province, and Taiwanese reporters accompanying them, flew to Hong Kong this afternoon from Wuhan, the provincial capital.

The 41 members of the group will return to Taiwan this evening.

To assist the people to have a speedy return, the Taiwan Affairs Office of the State Council, the Civil Aviation Administration of China, and Hong Kong departments arranged a special flight.

The tragedy happened on Sunday when a wooden sampan carrying 18 Taiwanese tourists, two tourist guides, and six boatmen, which was drifting on Shennong Creek, a tributary of the Chang Jiang River, ran into some rocks along the river and capsized.

In addition to the eight Taiwanese, three boatmen from the mainland also died during a rescue attempt. All other passengers were rescued.

#### Sichuan Secretary Speaks on Propaganda Work

HK0105144895 Chengdu Sichuan People's Radio Network in Mandarin 2300 GMT 20 Apr 95

[FBIS Translated Text] Yesterday morning [20 April], at a forum with leaders and delegates of cities, prefectures, and autonomous prefectures attending a meeting on propaganda work toward Taiwan which was sponsored

by the provincial party committee, provincial party committee Secretary Xie Shijie delivered an important speech. Qin Yuqin, deputy secretary of the provincial party committee, attended the forum and made remarks.

On behalf of the provincial party committee, Comrade Xie Shijie conveyed warm congratulations to the convocation of this meeting, as well as to comrades winning the title of "advanced individuals of Sichuan Province in propaganda work toward Taiwan, and extended sincere greetings to all the comrades working hard on the province-wide front toward Taiwan.

When speaking on how to strengthen the work toward Taiwan, Xie Shijie said: Sichuan is the province of the whole country entrusted with a greater mission toward Taiwan. At present, the crux of the matter is to implement various tasks well, and to carry out the work with a focus. In particular, in carrying out economic and trade work toward Taiwan, we must not try to save a little, only to lose a lot; rather we must consider carefully before making a decision, and seek long-term instead of short-term interests. We often must make things convenient for Taiwanese businessmen so that they can stay for a long time after coming here. We must always be wholehearted in paying attention to development and to striving for stability amid development, in accomplishing the economic work toward Taiwan, and in fulfilling the task of bringing in Taiwanese investment. In this way, the work will contribute to expediting our economic development and preserving stability, and also will be favorable to the development of cross-strait relations and the promotion of our motherland's unification.

Xie Shijie placed great hopes on Taiwan affairs offices and relevant cadres at all levels in our province. He encouraged all of them to have full confidence and a strong spirit, on the basis of the good results already achieved, in accomplishing the work toward Taiwan and the relevant propaganda work in a down-to-earth manner, thus making new contributions to expediting our province's reform, opening up, and economic development, as well as the peaceful unification of our motherland.

According to another report, the two-day provincial party committee's meeting on propaganda work toward Taiwan concluded in Chengdu yesterday. Such leading comrades as Qin Yuqin, Diao Jinxian, and Shen Guojun, and leading comrades of the Sichuan Military Region and of the provincial military district also attended the meeting.

#### ARATS Calls For Promoting Exchanges

OW3004105995 Beijing XINHUA Domestic Service in Chinese 0605 GMT 28 Apr 95

[FBIS Translated Text] Beijing, 28 Apr (XINHUA)—This XINHUA reporter interviewed a person in charge of the Association for Relations Across the Taiwan Strait

[ARATS] on its implementation of General Secretary Jiang Zemin's important speech of the "Continued Working Toward Promoting the Realization of the Major Task of the Motherland's Unification."

The person in charge said that, encouraged and driven by General Secretary Jiang's important speech, the calls of compatriots on both sides of the strait demanding for further developing cross-strait relations have become louder and louder and a new momentum has emerged in cross-strait economic and trade contacts and in exchanges in different areas. ARATS has taken note of Mr. Li Denghui's [Li Teng-hui] 8 April speech in which he stated that the "Wang-Gu talks show the cross-strait business-level negotiations have entered an era of consultation," that the Wang-Gu talks "are a historical process worthy of treasuring," that it is hoped that "cross-strait exchanges will be enhanced, based on the Chinese culture" and that "cross-strait economic and trade exchanges will be increased and relations that are mutually beneficial and that are of mutual interest will be developed," etcetera. ARATS welcomes his remarks.

The same person in charge of ARATS said ARATS worked out plans and put forward a number of proposals and suggestions at a recent council meeting on its implementation of General Secretary Jiang's important speech, on further promoting cross-strait exchange, and on ARATS and the Strait Exchange Foundation [SEF] talks. ARATS wants again to make the following suggestions:

First, we call for holding an early second Wang-Gu meeting, for conducting policy-related dialogue, and for institutionalizing them. From early on, ARATS has stated that all major issues involving the interests of compatriots living across the strait and requiring both sides' coordination and cooperation may be treated as policy-related issues and be discussed in an extensive, in-depth, and exhaustive manner. For that end, we suggest that persons in charge of the two organizations carry out preparatory consultations as early as possible and make arrangements for time, venue, agenda, contents, participants, and other matters related to the official meeting.

Second, we suggest the two organizations carry out talks on economic, scientific, and technological topics as early

as possible and proceed with the in-depth exchange of views on enhancing economic, scientific, technological, agricultural exchanges and cooperation, so as to give play to the effective and promotional effect of developing the mutually supplementary and beneficial cross-strait economic relationship. We also suggest that the two organizations jointly arrange and hold private-level economic exchange meetings attended by relevant competent personnel with appropriate titles. As the time and opportunity for direct cross-strait commercial and shipping exchanges have become ripe, there is no reason for further delay. Upon authorization from their respective upper organs, we suggest that ARATS and SEF invite personnel from competent departments from both sides of the strait in their capacity as the experts of the two organizations to talk with each other and exchange views with regard to direct cross-strait commercial and shipping exchanges.

Third, we hold that the common inheritance and development of the excellent traditions in Chinese culture and the strengthening national feelings and brotherly and sisterly love between the compatriots on both sides of the strait are an important basis for realizing peaceful unification. We suggest that the two organizations jointly conduct discussions in this respect in an appropriate way. We also suggest that the two organizations show coordination and render assistance to relevant organizations and personnel so that they will give play to their proper roles in the areas of jointly inheriting and developing the excellent traditions in Chinese culture and promoting relevant cultural and personnel exchanges.

Fourth, as ARATS and SEF have already reached the consensus of "both sides of the strait uphold the principle of one China," this should be continuously adhered to. Under the present situation of existing political differences between both sides of the strait, the two organizations, as authorized civil bodies, should adopt a pragmatic attitude of avoiding sensitive political issues in the course of consultation over business-related issues, seek common ground while reserving differences, proceed with things over which a consensus has been reached, and continue to go ahead with discussions of things which have failed to reach a consensus. The two organizations should do more concrete things in the area of maintaining the legitimate rights of the compatriots on both sides of the strait, so as to promote the constant development of cross-strait relations.

### Official Visits Taiwan, Discusses Aviation Links

OW0105131095 Taipei TZU-LI WAN-PAO in Chinese  
18 Apr 95 p 4

[FBIS Translated Text] This morning, Li Chao, executive vice chairman of the Chinese Civil Aviation Association and deputy director of the Civil Aviation Administration of China [CAAC], who led a mainland delegation to Taiwan for a seminar on cross-strait civil aviation, commented that the cross-strait navigational pattern planned by Taiwan's Civil Aeronautics Administration [CAA] is of little significance. He held that during the initial period of direct links, both Taiwan's and mainland's aircraft flying between the two sides should leave their national flags and symbols at home, as it is easier for the two sides to accept such an arrangement.

The agreement on the Taiwan-Hong Kong air route will expire on 29 April. Li Chao said it is all right for China Airlines to continue its service between Taiwan and Hong Kong if Taiwan and Hong Kong cannot reach an agreement on flying rights.

However, Li Chao was unwilling to comment on matters related to the Taiwan-Hong Kong air route. Li Chao pointed out: The CAAC is unwilling to comment on this issue directly and will discuss it through the unit in charge. It will make arrangements to comment on this issue through the "Sino-British Joint Liaison Group."

Taiwan's CAA just completed a preparatory work plan for navigational links yesterday. Therefore, Li Chao, a top-ranking mainland Chinese civil aviation official among those coming to Taiwan for a seminar, has become the focus of people's attention.

Li Chao said he read about this plan but has not yet conducted an indepth study. He thought it was of little significance that mainland China's aircraft have had to stop over in Taipei first and then fly to their destination, because what mainland China really wants is direct navigational links. Li Chao added that only direct navigational links can facilitate exchanges and there will not be a large number of passengers if a transshipment pattern is adopted.

### Media Cover Current Cross-Strait Issues

#### MAC Plans Pre-Talk Meetings

OW0105124295 Taipei LIEN-HO PAO in Chinese 28  
Apr 95 p 4

[FBIS Translated Text] A Mainland Affairs Council [MAC] official pointed out: Taiwan plans to hold discussion meetings prior to bilateral talks to do preparatory work on future cross-strait consultation, due to the complexity of the two priority economic issues—namely, the resolution of trade disputes and intellectual property rights—which the two sides across the straits plan to discuss during bilateral talks. He added: Such discussion

meetings will, in principle, be organized by the Straits Exchange Foundation [SEF] and the Association for Relations Across the Taiwan Straits [ARATS]. Officials in charge will attend the meetings in the capacity of SEF experts and advisers. Business circles will also be invited.

#### Chairman Hopes To Meet 'Before August'

OW2904105095 Taipei CNA in English 1030 GMT 29  
Apr 95

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, April 29 (CNA)—Straits Exchange Foundation (SEF) Chairman C. F. Ku said Saturday he hoped to meet with Wang Daohan, chairman of Beijing-based Association for Relations Across the Taiwan Strait (ARATS), before August.

Ku made the statement at a reception marking the second anniversary of the first Ku-Wang meeting held in Singapore on April 29-30.

"If possible I hope my second meeting with Wang will take place between June and July," Ku said, adding Beijing will be the most likely venue for the much-expected rendezvous.

The meeting is expected to focus on economic issues and cultural exchanges, Ku said. We may also exchange views on protection of Taiwan investment in Mainland China as well as issues related to Hong Kong and Macao," he added.

Noting that the first Ku-Wang meeting laid a framework for regular cross-strait consultations on practical issues arising from increased civilian exchange, Ku said he hopes the second meeting will help institutionalize and invigorate dialogue channels at different levels to cope with increasingly complex cross-strait affairs.

Ku quoted President Li Teng-hui as saying at the 10th National Unification Council meeting on April 8 that the first Ku-Wang meeting and the follow-up working-level consultations have ushered in a new era of negotiations in cross-strait relations.

While high-level dialogue is important to set forth guidelines for cross-strait exchanges, Ku said, working-level consultations are also needed to resolve many practical and administrative issues.

According to an agreement signed during the first Ku-Wang meeting, the two sides should discuss issues related to repatriation of mainland hijackers and illegal immigrants, cross-strait fishing disputes, cooperation to eliminate crimes committed in the Taiwan Strait, protection of intellectual property rights and mutual assistance between judiciary bodies on both sides.

Ku said it is regretful that SEF and ARATS have only held seven rounds of talks on the first three issues during the past two years and have not yet come to terms on any



of them. "I hope the two sides will work even harder to address all the above-mentioned problems," he added.

Ku admitted that unpredictable factors do exist in cross-strait relations. Nevertheless, Ku said he believes cross-strait relations will soon enter a new stage of positive interaction because top leaders on both sides have shown willingness to resolve cross-strait issues in a pragmatic, realistic manner.

### Army Officer Reports Arrival of U.S. Tanks

OW0105132795 Taipei CHUNG-YANG JIH-PAO in Chinese 24 Apr 95 p 4

[FBIS Translated Text] A high-ranking officer of the Army General Headquarters verified yesterday that the first batch of 20 tanks of the total 160 U.S.-made M60A3 tanks procured by the Army will be delivered to Taiwan in early May, and will join the Army's armour unit.

The high-ranking army officer pointed out: At present, the Army possesses 450 M48H Yunghu Tanks and 100 reformed M48A5 tanks. The Army's overall antilanding combat effectiveness will be improved greatly when the 160 M60A3 tanks join the Army.

This high-ranking officer added: The U.S.-made M60A3 tanks are not a new item. The cost of each tank, including maintenance, parts, and accessories, is NT [new Taiwan dollars] \$15 million. This price is rather low. They will be deployed to maneuver attack units in the north and south.

It has been learned that the Army's northern, central, and southern theaters respectively, have two independent armored brigades and two mechanized infantry divisions. In the future, the armored brigades will mainly be equipped with M48H Yunghu Tanks; the mechanized divisions will be equipped with the M60A3. The M41 will be transferred to offshore islands and will be used in counterlandings, maneuver attacks, and so on.

The high-ranking officer pointed out: Because the replacement of ships and aircraft by the Navy and Air Force has taken up a large portion of the national defense budget, the Army was forced to postpone many of its plans. However, the Army still lists the improvement of counterlanding effectiveness as the major plan of the year. The procurement of the U.S.-made M60A3 heavy tanks is an adjustment to overall counterlanding tactics. The Army made this adjustment in the hope of integrating its combat effectiveness and ensuring national security.

### Ministries Divided Over Military Procurement

OW0105134995 Taipei LIEN-HO PAO in Chinese 6 Apr 95 p 6

[FBIS Translated Text] The Ministry of National Defense [MOND] and the Ministry of Economic Affairs [MOEA] were divided over revising the "Measures for Procuring Military Items" recently. Disagreements

between the two sides in taking advantage of procuring military items to raise Taiwan's industrial level and to tighten restrictions over foreign procurement have delayed the revision of these measures.

To help develop Taiwan's industries through procuring military items, the MOEA suggested that the MOND examine measures for the procurement of military items to raise the ceiling on domestic procurement from 10 percent of foreign procurement to 20 percent so as to further protect domestic industries' interests. However, the MOND did not accept this suggestion.

The MOEA maintains: To develop the domestic defense industry, various countries have similar regulations, and their restrictions on foreign procurement are stricter than ours. The U.S. requires that when domestic procurement fails to account for 50 percent of foreign procurement, it is necessary to obtain military items through domestic procurement. In Singapore and Europe, the share is 60 percent; in Israel, 100 percent.

It has been learned that the current measures for the procurement of military items have not been revised for two decades. The MOND began conducting surveys in 1993 and completed a draft amendment last year. However the MOND only changed some of the wording of the measures. When the draft was submitted to the Executive Yuan for approval, the Executive Yuan was dissatisfied with the draft, and asked relevant departments to make suggestions.

An MOEA official pointed out that the current military procurement measures have several unfair stipulations on domestic procurement. For example, domestic manufacturers, who ink a purchase contract with the military on producing military items, not only cannot have a deposit, but have to make a five-percent cash deposit to the military to ensure fulfillment of the contract. This is totally against normal pattern of dealings. On the contrary, when purchasing military items from foreign countries, the military not only have to make a deposit in accordance with foreign manufacturers' requests, but have to pay a good commission to the middlemen. Meanwhile, foreign manufacturers do not need to make a cash deposit to ensure fulfillment of contract.

In addition, when making purchases abroad, our military would grant the arms dealer's request for payment in advance as long as the latter makes such a request and would make payments by installments according to the phase of procurement. Foreign manufacturers do not need to offer anything as a guarantee. When making purchases at home, domestic manufacturers have to place a mortgage on such marketable securities as bonds or real estate if they want payment in advance.

The military set unreasonable restrictions on domestic procurement on the pretext of concern over domestic manufacturers' quality. The MOEA official maintains that the MOND's lack of a complete system for appraising and screening domestic manufacturers who

produce military items results in an anti-elimination phenomenon in domestic procurement in which the bad expels the good.

#### **Companies Agree To Produce Satellite Components**

OW0205113995 Taipei CNA in English 0955 GMT 2 May 95

[By Lilian Wu]

[FBIS Transcribed Text] Taipei, May 2 (CNA)—To prepare for the launch of ROCSAT-1, the National Science Council (NSC) on Tuesday signed a research-and-development agreement with four local companies to produce components for the satellite.

NSC vice president Hu Ching-piao signed agreements with Acer president Wang Cheng-tan, Hihlin Electronic & Engineering Co. vice president Hsu Yu-re, Victory Industrial Corp. president Chen Min-hui and Transystem Inc. vice president Shen Kuo-yin.

Under the agreement, Acer will produce on-board computers, while Victory will produce a diplexe [as received] network and antenna, Hihlin Electronic will supply solar panels, and Transystem will provide remote interface units.

The total research-and-development budget for the project is estimated at NT\$33.74 [new Taiwan dollar] million (U.S.\$13.3 million) [figures as received], of which NT\$228.59 million (U.S.\$903 million) [figures as received] will come from the NSC and the rest from the participating companies.

The four companies said they expect the U.S.-based TRW Inc. to begin transferring technology to them soon. TRW expected to supply the knowledge and technology for the design and manufacturing and quality assurance of the components.

After the components meet the quality-assurance tests, they will be assembled with the main body of the satellite, and undergo a series of tests before being returned to the NSC's national space program office in Hsinchu, in northern Taiwan.

ROCSAT-1, Taiwan's first satellite, will be put into the earth's orbit in 1998 to carry out various research programs. Taiwan will have three satellites in orbit by 2002, according to the U.S.\$500 million a year space-development plan drafted by the national space program office.

#### **Private Firms Apply To Build Power Plants**

OW0205015495 Taipei CNA in English 0126 GMT 2 May 95

[By Y.C. Tsai]

[FBIS Transcribed Text] Taipei, May 1 (CNA)—A total of 22 private enterprises have applied to the Ministry of

Economic Affairs to build independent power plants (IPP's), Vice Economic Affairs Minister Yang Shih-chien said Monday [1 May].

Penghu Island is a proposed site for one of the plants, while five major industrial parks—Kaohsiung Coastal in southern Taiwan, Mailiao in Yunlin County in central Taiwan, Hoping in Hualien County in eastern Taiwan, Changhwa Coastal in central Taiwan, and Tatan in Taoyuan County in northern Taiwan—are the proposed sites for seven other plants, Yang said. The Liche Industrial Park, in Ilan County in northeastern Taiwan, is the target of five proposed plants.

In addition, the Liche Park and the Changhua Coastal and Tatan Parks have been targeted by the state-run Taiwan Power Co. for plants, and Taipower has completed environmental evaluations at the three spots, he added. Despite the conflict, the ministry has instructed Taipower to go ahead with its plans to build the plants in a bid to help ensure a sufficient supply of electricity, Yang stressed. Taipower is currently the sole power supplier in Taiwan.

The five firms interested in building plants at the Liche Industrial Park are the Tuntex, President, China Petrochemical Development, First, and Chunkuo Groups, Yang said. They have submitted their IPP applications to the Ilan County Government.

While the ministry will begin screening the IPP applications Tuesday, land acquisition will be a headache for the firms concerned, he elaborated. The applications are also subject to approval by various local governments, he added.

Yang pointed out that the first IPP to go on line will be the coal-powered thermo-electric plant at Mailiao in 1998. The private power plant, which is being built by the Formosa Plastics Group at its Sixth Naphtha Cracking Center, will have an operating capacity of 2.4 million kilowatts annually.

#### **Honduran 1st Deputy President Arrives in Taiwan**

OW0205022195 Taipei CNA in English 0131 GMT 2 May 95

[By Flor Wang]

[FBIS Transcribed Text] Taipei, May 1 (CNA)—Guadalupe Jerezano [name as received], the first deputy president of Honduras, leading a four-member delegation, arrived in Taipei on Monday [1 May] for a six-day visit.

Jerezano was warmly greeted by Vice President Li Yuan-zu at Chiang Kai-shek International Airport. This is her first visit to the Republic of China [ROC].

After arriving at the Grand Formosa Regent Taipei, where she will stay while here, Jerezano attended a tea party hosted by Democratic Progressive Party Legislator Annette Lu.

Jerezano, an active political veteran and the first female deputy president in Honduran history, urged local women interested in politics to enter the political arena with a healthy attitude and a sense of endurance.

While saying equal rights between the sexes is a necessary component of a true democratic society, she called on women to demonstrate their importance to the political sphere and society by making known the real needs of

people. Women should cooperate with men in correcting traditional chauvinistic concepts, under which women have long been ignored, she said, pointing out that only in a harmonious society can women enjoy equal status with men.

Jerezano will host a un-sponsored international women's summit next Monday in Beijing. She also expressed the hope that the ROC could re-join the world body as soon as possible.



## Hong Kong

### Reportage Covers Civil Servant Issue

#### Beijing Demands Interviews

HK0205063595 Hong Kong EASTERN EXPRESS in English 1 May 95 p 1

[By Rain Ren]

[FBIS Transcribed Text] In a stab at becoming more actively involved in the transition of civil servants, Beijing has demanded to interview senior Government officials individually to decide whether they are suitable to remain in their posts for the post-1997 special administrative region (SAR) government.

The interview, extended only to policy secretaries, will be held in Beijing immediately after the chief executive-designate is selected early next year be questioned not only by the chief executive-designate, but also a group of Chinese government officials, who will formally appoint all the senior civil servants nominated by the chief executive-designate.

It is understood that such a proposal was raised by Zhao Jihua, the head of the Chinese team of the Sino-British Joint Liaison Group, at the JLG's last plenary session in Hong Kong earlier this month. Zhao proposed two other points concerning the transition of Hong Kong's civil service.

As far as senior officials are concerned, detailed information, including whether the officials have obtained British nationality through the British Nationality (Selection) Scheme, together with their performance records, must be handed over by the Hong Kong Government to the chief executive-designate before the latter begins to form his cabinet.

On the civil service as a whole, Britain was told to make sure that files and archives on all civil servants be kept "where they are now". In return, Beijing will undertake not to keep these files, but will pass them on to the SAR government immediately after it is formed.

According to sources, when Beijing raised the proposal at the last JLG meeting on the necessity of interviewing senior civil servants, Hugh Davies, the JLG's British leader, called for an adjournment of the meeting and approached the Governor for instruction.

The Governor rejected the Chinese request outright. But the Chinese JLG team made it clear that its proposal remained on the table and that it was still awaiting a formal response from Britain on the issue.

A Government spokesman, Kerry McGlynn, last night declined to confirm whether the Government had responded to Beijing's request. "We're discussing a whole range of civil servant issues with the Chinese in the JLG. The nature of these discussions is, of course, confidential," he said.

Beijing maintains that interviewing senior civil servants will be essential for the SAR's chief executive to nominate the existing senior officials as senior members of the SAR government. "The interview is good for Hong Kong in every respect because the chief executive-designate needs to know who qualifies and the central government needs to know whom it is going to appoint," a senior Chinese official said.

According to the official, if Britain blocked such interviews and refused to cooperate with Beijing on the matter, Hong Kong's transition would be jeopardised. "Under such circumstances, I think the chief executive-designate would have to appoint only those whom he knows better. Should this happen, Hong Kong would have a very rough ride to the change of sovereignty. There would be no smooth transition of the executive administration, legislative body and even the judiciary," he warned.

The matter was also discussed by the British Foreign Secretary, Douglas Hurd, and his Chinese counterpart, Qian Qichen, when they met in New York last month. It is understood that Hurd criticised China's policy over Hong Kong's civil servants and warned that such a policy of "dragging senior officials up to Beijing" would hurt the morale of the civil service.

It is expected that argument on the issue will continue between Britain and China when the JLG holds its next plenary session in London in July.

#### Official Confirms Intentions

HK0205064995 Hong Kong EASTERN EXPRESS in English 2 May 95 p 2

[By Sam Mok]

[FBIS Transcribed Text] A top Chinese official has confirmed that Beijing will interview senior civil servants before the 1997 handover to gain information about their background. Reacting to an exclusive report by Eastern Express yesterday, Zhang Junsheng, the deputy director of the locally based New China News Agency (Xinhua), said it would only be a "very good thing" for Beijing to consult senior Hong Kong civil servants to improve mutual understanding.

Candidates will be interviewed in Beijing before the 1997 handover by the chief executive-designate and Chinese officials responsible for their appointment, he said. "According to the Basic Law and the Joint Declaration, policy secretaries or other senior civil servants will be nominated by the chief executive-designate and appointed by the central government," Zhang said at a social function celebrating Labour Day yesterday.

"The appointment by the central government will be a substantive one. Under such circumstances, the central government will have to know about what it is doing," he said. "This would include talking to senior civil servants to improve understanding. This would only be normal

and good, as senior civil servants would learn more about the central government's policy towards Hong Kong."

"This would also enhance their confidence about the prospect of remaining in service under the special administrative region (SAR) government." Zhang accused Britain of breaching the principle of confidentiality applicable to JLG talks by revealing what Chinese officials said.

Meanwhile, a legislator has warned that Beijing's plan to subject top civil servants to what he called assessment interviews violates the Basic Law. The Democratic Party spokesman on public service, Cheung Man-kwong, said that although the Basic Law has given Beijing the right to appoint top government officials of the Hong Kong special administrative region, it should only be a formality. "The selection and interview of candidates shall be done by the chief executive, who is empowered to nominate candidates to China," Cheung said. "Under the existing system, the English government appoints all officials nominated by the Governor, but they do not interview the nominees. Why should China do that after 1997?"

A pro-China legislator, Tam Yiu-chung, said: "There is nothing objectionable about the chief executive-designate and some Beijing officials chatting with the secretaries to enhance mutual understanding." Tam said the meetings can be formal or informal, and be held in Beijing or Hong Kong.

According to the Basic Law, policy secretaries are to be formally appointed by Beijing, while the chief executive is "to nominate and to report to the Central People's Government for appointment" of the 20 to 30 principal officials.

The independent legislator Emily Lau said the meetings between Beijing officials and the candidates "are both inevitable and all right if the chief executive is already named". But she said she will object to the plan if the members of the Preliminary Working Committee (PWC) or the forthcoming Preparatory Committee of the SAR intervene in the process.

### Lu Ping Plans Meeting

HK0205074095 Hong Kong HONGKONG STANDARD  
in English 2 May 95 p 4

[By Laura Chan]

[FBIS Transcribed Text] Director of the Hong Kong and Macao Affairs Office, Lu Ping, will be handing senior civil servants a difficult decision: whether to meet him in a seminar organised by China's think-tank.

It is believed Mr Lu will arrive in Hong Kong on 15 May and stay until 22 May before going on to Macao to promote the Macao Basic Law.

During his stay in Hong Kong, Mr Lu will attend Preliminary Working Committee meetings here.

On 18 May he will attend a seminar and address a luncheon at the Hong Kong Convention and Exhibition Centre.

The seminar is being organised by the PWC economic sub-group.

Mr Lu will give an assurance that Hong Kong's economic and monetary system will remain intact and that the territory will continue to prosper and play a leading role in Southeast Asia.

The PWC has invited Hong Kong Monetary Authority chief executive Joseph Yam to speak at the seminar.

Financial Secretary-designate Donald Tsang and Secretary for the Treasury-designate Kwong Ki-chi, also received invitations.

Mr Tsang is currently on holiday. It is not known whether he will take the opportunity to meet Mr Lu.

Mr Kwong could not be reached for comment.

Senior civil servants may find it difficult to decide whether to meet Mr Lu.

Chief Secretary Anson Chan said earlier it would be hard to explain to the public why Mr Lu was meeting senior civil servants but not herself and Governor Chris Patten.

Later, however, Mrs Chan welcomed the idea of Mr Lu's meeting senior officials as a way of building up confidence.

Mr Patten and Mrs Chan have repeatedly called on Mr Lu to meet for talks on transitional matters. But Mr Lu formally rejected the request in March.

Xinhua News Agency director Zhou Nan yesterday said: "Mr Lu has told the press he will not meet Mr Patten".

Sources close to the government said Mr Lu had been interested in meeting Mr Patten when he came to Hong Kong last year.

However, Mr Zhou disagreed to the meeting, thus dashing Mr Patten's hopes, the source said. Mr Lu was in Hong Kong last May to attend the note-issuing ceremony of the Bank of China, but he did not meet Mr Patten.

According to the Memorandum of Understanding, Mr Patten and Mr Lu should hold regular meetings, but the two have met only once—in 1992.

### Editorial Criticizes Plan

HK0205073995 Hong Kong EASTERN EXPRESS in  
English 2 May 95 p 14

[Editorial: "Beijing Grilling Not Part of Deal"]

[FBIS Transcribed Text] One of the most vital precepts in the run-up to 1997 is keeping the civil service in good

heart. On the shoulders of these administrators rests the stability of Hong Kong during a transitional event unparalleled in history. Destroy their morale and the very bedrock of this society is damaged.

Civil servants are already apprehensive about their future in the lead-up to 1997 and China's latest demand—to interview senior policy secretaries in Beijing as soon as the special administrative region's chief executive has been named next year—is likely to increase their concerns.

Already, we have a situation where several top people have tendered their resignations, explaining they would rather leave before transition than wait apprehensively, not knowing what the future holds.

Naturally, they prefer to get out and find other jobs rather than wait in the wings to face possible rejection by Beijing.

It is a bleak prospect for talented people at the very pinnacle of their careers to find their ability held in question by their new masters when they have given long years of service to the old regime.

They have risen through the ranks and are just beginning to reap the rewards they have earned through the localisation policy set down in the Basic Law.

That is being carried out meticulously—as it should be—but it does mean that the civil service is already in a natural state of turmoil, at a time when the workload is increasing, without added anxieties being heaped on department heads.

In the past, under the colonial system, top posts went automatically to expatriates and there was no room at the top for local people, no matter how able. All that has changed, and rightly so, but it also means that the civil service is losing some of the brightest talent and the most experienced administrators as expatriates resign.

Those who replace them have been chosen for their suitability and experience, and to suggest that those qualities are still in doubt, or to do anything which may destabilise the civil service, would be highly inadvisable.

Neither side is coming clean on this issue. The Hong Kong Government is fudging the question and the Beijing authorities need to explain what they intend by this latest demand. Civil servants need to be given immediate assurance that the game plan has not changed. Hong Kong's administration has always been apolitical and so it must remain. The Governor approves the top appointments and the British government accepts his decision without question, knowing the promotion is given on merit.

So it must remain. What does Beijing mean by "suitability"? They cannot suggest that civil servants who have worked their way to the top are not able to do the job. What then? Are they vetting the policy secretaries to decide whether they are politically correct?

There is no party system in Hong Kong, therefore these people must not be judged politically. The agreement is that Hong Kong is run by Hong Kong people. Hauling the top brass to Beijing to be grilled is not part of the deal.

#### **Mainland Turns Down Researchers' Applications**

HK0205073895 Hong Kong *EASTERN EXPRESS* in English 2 May 95 p 7

[By Didi Tatlow]

[FBIS Transcribed Text] Mainland authorities are increasingly turning down applications by researchers to visit Hong Kong, university sources in the territory say. The change is apparently part of an attempt to step up control of non-economic exchanges with Hong Kong, aimed at keeping a lid on the spread of ideological influences from the territory.

At least one scholar and two government officials from China were unable to attend events at a university here last week. "It all depends on the political wind blowing in China," said one organiser who regularly invites mainland experts to Hong Kong. "If the wind blows strong, you have trouble," he said. The organiser said it was "a nationwide problem".

At one institution, at least five scholars, journalists or government statisticians have been forced to cancel or postpone invitations to meet colleagues in Hong Kong since March. All five Chinese citizens were invited to events at the Chinese University of Hong Kong, but organisers say the problem is common throughout the territory. "Everyone is talking about the open door, and then you get this kind of thing happening," another organiser said.

The visa control measures are especially evident in politically sensitive fields. Noneconomic subjects such as the media, sociology, statistics or political science are particularly prone to visa rejection. An expert on public opinion research from the People's University in Beijing failed to arrive at a scheduled seminar last Thursday [27 April]. Two members of the government State Statistics Bureau failed to appear at a conference on sociology held at the end of last week.

In another recent case, a journalism professor from a province in central China was permitted to come to Hong Kong to speak only after submitting his paper to the central authorities in Beijing for examination. Even the title of his paper was vetted for political sensitivity. "As far as political control is concerned, the government will not loosen its grip, although we have been witnessing a loosening in other spheres in recent years," Kenneth Leung, a journalism lecturer at Chinese University, said.

The recent highly publicised case of Hong Kong journalist Xi Yang, sentenced to 12 years in jail in March 1994, was "a very good example that they will not loosen control", Leung pointed out.



If applications are not rejected outright, delaying tactics often torpedo the conference, with an average minimum application period of four months sometimes stretching into six months or even a year, he added. China's massive and clumsy bureaucracy also contributed to the problem, he said. "Some people needed to get approval from nine different offices, as well as subdivisions of those offices", Leung said.

#### **Deng Zhifang Co-Hosts Group Board Meeting**

*HK3004064095 Hong Kong HONGKONG STANDARD in English 29 Apr 95 p 1*

[By Chan Po-chung: "Shougang Meeting 'Only Reason' for Visit by Deng's Son"]

[FBIS Transcribed Text] Deng Zhifang, son of the ailing Chinese paramount leader Deng Xiaoping, yesterday co-hosted a board meeting of the Shougang Concord Grand (Group) as the company's annual results dipped into the red, a company official said. Shougang Holding (HK) senior manager Fong Yinhei confirmed that Mr Deng arrived in the territory on Thursday.

Mr Deng, vice-chairman of the group, was appointed chief executive officer of the company last August. "According to my knowledge, he was here only to take part in the board meeting of Shougang Concord Grand. Nothing else," Mr Fong said. Shougang Holding (HK) is the wholly owned parent company of Shougang Corporation in Hong Kong. Mr Deng teamed up with local property magnate Li Ka-shing and Shougang Holding (HK) in 1993 to take over Shougang Concord Grand (Group), which was then known as Kader Investment, during a wave of back-door listings in the territory.

The Shougang group of companies yesterday announced its annual results. Shougang Concord Grand posted a loss of \$199.58 million for the year ended 31 December 1994. The company made a profit of \$144.03 million the previous year. A loss of 30.14 cents per share was reported, against a gain of 22.07 cents in 1993. No final dividend was recommended by the board, compared with five cents the previous year. Turnover, however, rose about 13 per cent, from 1993's \$73.44 million to last year's \$83.52 million.

The company focus is on property development, finance and strategic investments. Meanwhile, Shougang Concord International Enterprises, the listed flagship of Shougang Corporation in Hong Kong, posted a sharp profit rise. The company reported a net profit of \$172.23 million for 1994, compared with \$53.38 million the previous year. Earnings per share were 12.8 cents against 6.1 cents in 1993. A final dividend of one cent per share was recommended, which was down 33 per cent from 1993's 1.5 cents per share. Turnover almost tripled to \$6.3 billion last year from the previous \$2.5 billion.

On the other hand, Shougang Concord Century Holdings and Shougang Concord Technology-the other two listed vehicles of Shougang Corporation in Hong Kong posted

1994 net profits of \$120 million, an increase of 1.5 times, and \$20.18 million, a fall of 80 per cent, respectively.

#### **Wei Jianxing Meets Trade Union Delegation**

*OW0105140695 Beijing XINHUA Domestic Service in Chinese 1251 GMT 30 Apr 95*

[By reporter Sun Jie (1327 2638)]

[FBIS Translated Text] Beijing, 30 Apr (XINHUA)—At the Home of Chinese Workers today, Wei Jianxing, member of the CPC Central Committee Political Bureau and chairman of the All-China Federation of Trade Unions [ACFTU], met with members of a Hong Kong and Macao trade union delegation who came to Beijing to celebrate the "1 May" International Labor Day.

On behalf of ACFTU, Wei Jianxing first welcomed the delegation to "1 May" International Labor Day celebrations in Beijing. He then briefed the guests on China's current economic situation and ACFTU's main ideas for future work. After the meeting, Wei Jianxing had a photo session with all members of the delegation.

#### **Federation Indispensable Force for Stability**

*HK0105154095 Beijing ZHONGGUO XINWEN SHE in English 1354 GMT 1 May 95*

[FBIS Transcribed Text] Hong Kong, May 1 (CNS)—Zhou Nan, Director of Hong Kong Branch of Xinhua News Agency, expressed his warm greetings to workers in Hong Kong. He said that Hong Kong Federation of Trade Unions is an indispensable force for the stability of Hong Kong. He hopes and believes that this Federation will, in the light of loving China and Hong Kong, unite more and more workers so as to provide contributions for the prosperity and steady transition of Hong Kong.

The above statement was made by Zhou Nan at the reception held by Hong Kong Federation of Trade Unions for celebrating International Labour Day on the 1st of May. He pointed out that over the year, the Federation has provided great contributions in uniting workers in Hong Kong, protecting workers' rights and interests, and participating in social affairs. It has also continuously strengthened itself. With little more than 700 days, Hong Kong will be returned to China. The Federation should further protect the benefits of workers in Hong Kong and participate in political affairs in society.

Mr. Cheng Yiu-tong, President of the Federation, made a speech in the reception. He said that uniting workers, protecting the rights and interests of workers and participating in social affairs are the basic functions of the Federation. In the 2nd Session of the 29th Membership Representative Conference of the Federation, these functions were reaffirmed and adopted as a resolution, which will be the basic principles of work in the future.

Mr. Cheng said that the further unity of workers can help in protecting the benefits of workers and promoting the development in society. In view of this, the Federation will plan the work for the development and consolidation of membership this year. The Federation will achieve the aim of increasing 10,000 members so that the number of members in the Federation will reach 228,000.

He continued to say that in accordance with the development of the political situation in Hong Kong, the representatives of the labour sectors should enter the legislative assembly to reflect the opinions of labourers. Therefore, the Federation has participated in politics, elections, which has become an important content of campaigns of the Federation.

He emphasized that there are only 792 days to 1st July, 1997. He hoped that all the workers' unions in Hong Kong, workers, masses from all sectors would co-operate with the Federation to protect the rights and interests of workers and promote the industries in Hong Kong. This is to guarantee the prosperity and stability of Hong Kong, the smooth return of the sovereignty to China in 1997, and to realize "one country, two systems" and the "Hong Kong run by Hong Kong people" after 1997.

#### **Coins Issued To Commemorate Return to China**

OW0105143695 Beijing XINHUA in English 1418  
GMT 1 May 95

[FBIS Transcribed Text] Hong Kong, May 1 (XINHUA)—Two thousands sets of gold coins to mark Hong Kong's return to China are being issued now in Hong Kong with another 18,000 sets to be issued in the world.

Consisting of two pieces of coins struck with 99.99 percent pure gold in one ounce each, the medallion set tells a complete story on each side of the coins.

On the obverse of the first piece of the coin is the effigy of Deng Xiaoping, chief designer of China's policies of reform and opening up to the outside world, who is in waving posture against a background of high-rising buildings across the beautiful Victoria Harbor. On the reverse is the picture of China's national flag fluttering above the Legislative Council Building in Hong Kong.

The obverse of the second piece presents a relief sculpture depicting people burning opium with rage during the Opium War (1840- 1842) and the reverse presents the map of Hong Kong, Kowloon and the New Territories.

Along the edges of both the obverse of the two coins, there are 15 Chinese characters reading "Commemoration for Hong Kong's Return to China in 1997" while on the reverse, there are the English words, "Hong Kong's Return to China 1997."

The gold coins are certificated by the Royal Canadian Mint, renowned mints in the world, and the designs are under protection of the Chinese Patent Office.

Terry Wong, Manager of Commemorative Gold Coins for Hong Kong Revert to China in 1997 Company Limited, said that the issuing quantity is limited and re-striking will be permanently prohibited, adding that the dies destroying ceremony is to be held in 1997.

#### **Emily Lau's Views on the Future of Hong Kong**

HK3004061395 Hong Kong SOUTH CHINA  
MORNING POST (THE REVIEW) in English 29 Apr  
95 p 2

[Editorial: She is outspoken now and she has no plans to change that when Hong Kong reverts to China. That, Emily Lau tells Hedley Thomas, is when real courage will be needed"]

[FBIS Transcribed Text] Emily Lau Wai-hing fears she has glimpsed the future in Hong Kong. Now she is steeling herself to confront it. It is a post-1997 which she worries will extinguish the flame of democracy and push back the tide of freedom of expression and the rule of law.

Would Hong Kong's most outspoken Legislative Councillor and thorn in the outstretched hand of China continue to draw blood if her worst scenario came true after the handover? "I hope I will. That will be the real test of courage. Right now, courage? We know we say things that won't get us arrested. What courage does that take?" she mused. "The testing time will come very quickly and then we will see who really has the mettle. "I hope the Chinese Government will change. I hope they will get rid of their habit of settling accounts with their enemies, because that is one thing that strikes fear into the hearts of Hong Kong people. "Right now, I don't feel intimidated, persecuted or terrified. But I think the time will come soon enough. For us to be involved in politics, and as we get closer to 1997, we should not be kidding ourselves."

Across a starched tablecloth at the Mandarin Hotel in the midst of a cheerful lunchtime crowd, Lau's forebodings seem improbably weighty. She jabs a fork at noodles, but the torrent of her conversation leaves them to grow cold in the bowl. Lau is just warming up. "Millions perished under Chinese Communist rule. People died as a result of the political system, the power struggles and persecution. People should have no illusions. "And if they do want to arrest you they are not going to give any notice. They will come and nab you and you will disappear and no journalist will know it. Even if they know it, they will not report it. That's what we fear."

Since her election in 1991, the 42-year-old firebrand has won respect albeit grudgingly, from fellow Legislative Councillors for her uncompromising approach. A Legco loner who eschews contact with the others, she is the people's most popular legislator after Lau Chin-shek. "She has a relentless integrity about her. She made up her mind on the issues a long time ago and she's absolutely stuck to them," said an observer inside the

Government. "She has always taken a hard position on China and she's not afraid to call the communists communists."

Governor Chris Patten admires her courage even if he does not agree with everything she says, according to a government spokesman. Lau, whose bid to make Legco akin to a Western-style parliament with 60 directly-elected seats was foiled by a single vote last July, describes the Governor as a "smooth politician". "When Chris Patten came out here the British reputation was very bad for selling Hong Kong people down the river," she said. "Nothing has changed fundamentally—the British are still abandoning us and handing us back to communist rule in 1997—but just by proposing what I call a 'drop of democracy', he has turned the image around and mesmerised the media. I think he's a skilful operator."

Lau's parents fled China for Hong Kong in 1948 shortly before the communists rose to power. Hong Kong-born Lau was cared for by relatives. She was four when the death of her father, a businessman, forced her mother to work to support the family. "Have you heard of a bed with four bunks? Sometimes I lived in those conditions with different relatives in very crowded places."

As a feisty broadcast journalism graduate from the University of Southern California, she began a career 19 years ago as a cub reporter at the South China Morning Post. Her beats ranged from courts to social welfare, education and health for 18 months until she joined TVB. For three years Lau would tuck her notes under one arm, sling a microphone over the other and race off to cover the news of the day. "I think I have always been very inquisitive and I always tried to ask probing questions, but of course the ability comes with experience," she said. "Some of my colleagues when I was a journalist did not like me asking tough questions because they said it spoiled the atmosphere in press conferences by making it confrontational and the people hostile. "Now when I have the chance to talk to journalism students I always encourage them to be critical and not just accept what they are being told."

After leaving TVB, Lau studied international relations at the London School of Economics. She freelanced as TVB's London correspondent, filing interviews with visiting Executive Councillors and Edward Youde before he was knighted and took up his appointment as Hong Kong's 26th governor in 1982.

A budding career with the BBC beckoned when she was hired as an assistant producer working in current affairs, but it was cut short in 1984, the year of the Joint Declaration. Certain that her place was in Hong Kong during a period of momentous change and uncertainty, she surprised her BBC colleagues by resigning the plum job and returning to the territory to work for the Far Eastern Economic Review.

As a former journalist with experience in both print and electronic media, Lau understands better than most of

her fellow legislators the political value of a strong image. Now as an independent legislator there are few public issues in Hong Kong on which she refuses to be drawn. Her willingness to espouse her views, combined with an uncompromising ferocity when taking on hapless civil servants in and out of the council, have won her friends and enemies.

Lau in full flight is a fearsome sight for the bureaucrats hauled in to face demands for explanations at Legco panel meetings. The sometimes inevitable loss of face for those who wilt under the attack is of no little consequence to her. "Politics is a very passionate thing and my temper is part of my personality. If you have no passion you do not lead a full life as a politician. "If people take it badly, that's too bad. They do not like sometimes to be scolded by me in public, but I'm fair and of course I have no hidden agenda. Some may think that I should calm down a bit, especially when officials give very woolly or infuriating answers. "I say: 'Come on, how can you say that?'. Sometimes I raise my voice yes, but so do other people. I do not set out to see people squirm. But if they do squirm, it's par for the course. I don't mind seeing them squirm. "I have a job to do just like they have a job to do. My job is to monitor. Their job is to be accountable. We have no executive power, so one of the things people expect us to do when they put us in office is to ask questions."

Lau, who deflects questions about her private life, estimates 80 per cent of her time as a legislator is taken up with council work. The rest of her public time is devoted to helping solve problems brought by people from her New Territories East constituency. She makes no apology when her constituents tell her they don't see her very often. "I explain to them that although I'm a constituency legislator, I'm also a Hong Kong legislator and I have been elected to do the policy work of Legco," she said.

The scope of the myriad of issues and the knowledge required to stay on top of them is boggling. Lau, a virtual certainty for re-election in September, sits on dozens of committees and works on average 14 hours a day, sometimes seven days a week. Chloe Reuter, a United World College student at Sha Tin who trailed her for a week last month found it impossible to keep up and quit before the weekend.

With her next appointment looming, Lau recounts a conversation she had three years ago with Lord MacLehose, Hong Kong's longest-serving governor from 1971 to 1982. He told her of the appalling conditions he had witnessed at a prison in China and how the only thing the prisoners look forward to are cigarettes. "He said to me: 'Emily, when you are in prison, I will bring you some cigarettes'," she recalled. "I don't smoke. "We're not blind, we're aware. And that's why I talk about courage. Sometimes people are not aware of the courage they have until the situation presents and they say: 'To hell with you, I'm not going to budge'." [all quotation marks as published]



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